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PART I: ACTUAL ISSUES IN MODERN PEDAGOGY

ETHNIC IDENTITY: LINGUO-CULTURAL ASPECT

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Abstract: *The article deals with the specifics of speech communication of an individual as a bearer of some ethnic identity in the practice of intercultural intercourse in the modern world. The language activity of participants, allowing talking of their involvement into the ethnic culture has a stereotypical character. The language both unites the ethnicity into the language community, whose activity is regulated by the language system, norm, and differentiates the language community on a number of social groups. Due to the language innovations and a language shift social groups could affect the maintenance of ethnic identification of other members of the language community.*

Keywords: *ethnic identity, speech communication, language personality*

INTRODUCTION

The problem of identity is still in the focus of researches devoted to the actual issues of the XXI century such as multiculturalism, culture of tolerance, growth of communication, globalization, European integration, immigration processes, social mobility, deviance and social control, etc. Ethnic manifestation is one of the basic constituent elements stipulated by human beings psychological need for commonness with the local group on the basis of shared culture.

MATERIALS AND METHODS

The specifics of language determined with the worldview of the people speak it, a mutual influence of language and culture is reflected in studies of cultural connotations in the works of W. von Humboldt. Neo-Humboldtian philosophical direction emphasizes the creative role of a language in regulation of human chaotic experience, designing of the world as a coherent whole in the process of human beings cognition and construction of the appropriate language. European Neo-Humboldtian ethno-linguistics (L. Weissberg) attempt to supplement Humboldtian approach to language with the ideas of F. de Saussure (concept of a linguistic sign, language system,

dichotomy of language and speech). In tune with these ideas ethno-linguistic concepts (F. Boas, E. Sapir, S. Lem, M. Swadesh, K. Lee Hale, John. L. Trager) are developed to treat a language as a historical heritage of the community. The interest for the semantic aspect of the problem has arisen in connection with the work of E. Sapir and B. Lee Whorf (linguistic relativity hypothesis), focused on the influence of culture on individual speech ontogenesis by comparing different ethnic cultures and languages.

RESULTS

Three basic approaches to the identity are possible: identity as sameness, identity as authenticity and identity as belonging. In this article, identity is mostly understood as an experience of individual belonging to a certain community of people. Identity is a complicated process in the framework of which two opposite trends run into one another: human beings desire to be isolated as a unique being from the rest of people and his aspiration for join the collective of insiders. Generally, to identify one means to find one's unique place in the group of matching people. The phenomenon of identity implies the person's ability and / or need to talk on himself, to express his nature in various ways, directly or indirectly inform others of his belonging to some ethnical world. Does everything a person tells of reflect his identity? Indeed, if identity is defined as an unconscious sense of continuity of human beings experience, it would be difficult to find a special well-defined range of relevant linguistic categories. However, if identity is defined, first of all, as an ethnic identity, an individual as a member of the definite group uses language units which semantics reflects group's culture, constitute the linguocultural specificity of its language.

Language is one of the main features of the ethnic group. Dynamics of language processes reflects the characteristics of the ethno-genesis. Language is a means of communication, a repository of knowledge gained during the history of the ethnic group, a tool of transmission of social experience from generation to generation. Both originality of ethnic mentality and culture manifest them in the structure of the national language and speech behavior of its representatives. The language consciousness of an ethos, formed by the potential of the language system, allows representing a language community as a certain set of individuals vested with the same nominal capacity for speech production. Being a mechanism of transformation of mental processes in the language matter a language materializes people's thinking through the speech (verbal and written). In the triad "psyche – thought – language" the last link (language) does not occupy a subordinate position in some linguistic concepts. For example, B. Whorf believes that "the accepted norms of use of words define some forms of thinking and behavior" [2]. B. Whorf concludes: each civilization produces

certain language categories, the implementation of which is the language picture of the world. That is, every language forms its own way of representation of the surrounding reality and a bearer of the given language is able to register and reproduce passively the elements of a language structure.

Unlike B. Whorf's position one could believe that the forms of thought and behavior are responsible for accumulation and functioning of certain rules of implementation of language units in the system of a language. This process is unintentional, spontaneous and arbitrary. However, a crystallized set of functions gets involuntary character and determines the strategy of the speech behavior of any member of society, representing his language consciousness with the invariant grammatical and phonetic structure.

A native speaker intuitively feels adequacy (or inconformity) of his speech to the norms of a language. He may not know the specific forms or methods of their implementation, but his ignorance is compensated with the language consciousness, formed by each nation according to its own rules. This potential of a language personality is largely verbalized at the expense of the steady speech samples ("formulas" where nothing can be changed, and "free units" built for a particular sample). The content of the speech keynote is determined with the set of "formulas" and "free units" existing in the language system, where a database of language consciousness of an individual. Its modification and updating is carried out at the expense of the psychic and mental energy of a language personality, not coming beyond the scope of national language representations.

So-called language (or rather speech) habits are unconscious markers (indicators) of members united into a language community. This formula of language personality detection works in both the analysis of the speech production mechanism and in the process of personality distinction by analyzing the individual perception of a speech segment, text.

Language consciousness and scent of language do little more than indicate the direction of movement; the ultimate goal, i.e. the realization of communicative intention is a speaker's task. Unlike the speech behavior of a native speaker which implies the intuitive usage of language units, based on the language scent, the speech of a foreigner is consciously aimed at achieving the individual communicative goal. A native speaker reflects the contents of the speech rather its form as he has a definite idea of the structure of language units.

The arbitrariness of a linguistic sign, on the one hand, is the property which eliminates the exclusive relations between the signifier and the signified in the language, turns to be an active generative origin of the language creativity. However, on the other hand, the relations between the plan of the content and the plan of expression are compulsive. This is the social function of a language sign, its involuntariness, which makes a

person act in a strictly determined range. Language is first of all the scope of generally accepted rules of generation and perception of the speech common for every native speaker.

First of all, the specifics of the language of the ethnic entity reflect in the system of stereotypes dominated in ethnic consciousness. The range of stereotypes is constantly changing, it is an open and flexible system of values stored in the memory of an individual and organized according to the principle: from the general to the specific in a certain sphere of usage (thesaurus). Along with stereotypes the language specificity could be found in the system of images, comparisons; the structure of the text; etiquette forms; sublanguages and functional stylistics; psycholinguistic organization of the speech and other activities; the system of kinesics means.

Regarding the ethnic language is a pure abstraction, a generalized construction composed of a variety of real-life individual kinds of a language one focuses on the social nature of the language of an individual, believing that a language personality can exist only in interactions with other communicators. At the same time, the inner nature of an individual representing the national language, can produce and reproduce new language structures and forms. Depending on their extent, determined with the significance of language innovations, their correspondence to the system capabilities of the language, and normative restrictions, the ratio to new forms of linguistic expression of a language community, in general, and specific individuals, in particular, is formed. Changes in mental and psychic activity are mutative in nature; whereas the appropriate changes in the language are recorded in the real norm and system with more or less delay. The usage (speech activity) is the environment in which this contradiction is resolved. Language innovations are not compulsory for every native speaker. At the same time any synchronous slice of a language characterized with the state of fastening of some portion of the language material by a particular group of speakers, enabling it to influence on the maintenance of ethnic identity of other members of the language community.

Bilingualism of a language personality can become an obstacle for ethnical identification of an individual. Subordinate bilingualism still, to a certain extent, leaves the hope for a successful solution of this problem, because one can find some signs of the native language, which are always present in the speech of a bilingual. Subordinate bilingual uses his native language if he needs a reliable support, with which he can neutralize the difficulties of a non-native language.

The coordinative bilingualism gives a little chance to identify the individual by analyzing his language activity. However, in this case, it is possible to identify the person relying on the paralinguistic component of communication. Generally speaking, only one language could be defined as

the native one as the language consciousness of an individual cannot in equal measure house the two different language systems. The second, non-native, language of a bilingual has to be more rigidly monitored by the mind.

On the other hand, it should be mentioned that the language priorities of a bilingual are formed under the influence of language contacts. Languages could interact for a long time and gradually have an impact on each other in the non-extreme situation. As a result, in one language the traces of influence of another could be found. The features that have not existed in the pre-exposure period are arising. The interaction and mutual influence of the two linguistic systems is called "interference". In non-extreme situations a result of multi-language interoperability could be convergent development of languages within the language union. The language union can occur if more than one language for a long time co-exists in close contact on a relatively small area. The convergence is associated with the conscious or unconscious need for likening to the speech of an interlocutor.

Sometimes, monolingual and bilingual population may co-exist as parallel communities. In this case, a representative of the low (bilingual) social group is free in the choice of a language and ethnic belonging. If in the perception of both groups the members of the "lower" social groups have a dual language and ethnic belonging, their freedom of choice of language is limited with linguistic characteristics of interlocutors.

The replacement of one language with another is called "language shift" which may be slow (hundreds of years), rapid (three-four generations) and disastrous (a generation or two). Depending on the rate of the shift one could tell of a "sudden death" or the gradual withering away of public functions of the language, while preserving its functions in the domestic sphere. One cannot ignore that the language shift could be a result of a brutal state policy. If the speed of the language shift is catastrophic, the degree of language proficiency depends on the age of its bearers. Language groups are segregating into aged groups. The old generation contains bearers of both native language and traditional identity, and the young generation, on the contrary, is formed of followers of culture innovations, the dominant (rather native) language. There is also an intermediate "watershed generation" – semi-language group, whose members have already started to lose their native language and to prefer the state one. This situation ultimately leads to the destruction of the normal communication among aged groups. The native language is not transmitted to children, and, as a consequence, it is lost.

People who speak the language are able to actively respond to the processes going on with it. In particular, collective or individual return of the older generation to the conservative, ethnically specific forms of spiritual culture is possible. It may be due to the aged changes of man's relation to his own language competence (an individual can automatically become the

best connoisseur of the native language, as there is no one better); changes in group expectations (there is a need for the traditional way of life) and etc. The more people speak the language, the less likely it disappears. However, a number of speakers of the language do not guarantee its preservation. Apparently, the prestige of the language has a crucial importance. If the status of one of the languages becomes less prestigious due to objective reasons, language reorientation of a bilingual is inevitable. However, the low prestige of the language itself does not cause the language shift: two languages (one with the low and the other with the high prestige) can peacefully coexist for a long time. The decline or increase of the language prestige is firmly linked by social, economic or other status of the language group. An important role is played here by the pressure of the media, encouraging speaking a particular language.

A factor, shaping the choice of language, is the diglossia [1] as an interaction of two coexisting varieties of the same language. The examples of diglossia could be: literary language / dialect; literary standard / slang; codified literary language / spoken language. The causes and conditions for the diglossia implementation are identical to manifestations of bilingualism. If the group is characterized with diglossia, in most cases the "high" variant of the language is considered to be clean and right despite the fact that the function of self-identification could be performed by the "low" variant.

DISCUSSION AND CONCLUSION

The language embodies the phenomenon of ethnic consciousness, which is implemented in the communication process of a language person. The language activity of participants, allowing talking of their involvement into the ethnic culture has a stereotypical character. The language both unites the ethnicity into the language community, whose activity is regulated by the language system, norm and differentiates the language community on a number of social groups. Due to the language innovations and a language shift social groups could affect the maintenance of ethnic identification of other members of the language community. Among factors of human beings rethinking of the role of his ethnical identity are state policy, economic and social benefits, the social prestige, public opinions and the intensity of language contacts among cultures.

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FEMINIST THEORY POLICIES OF SOCIAL WORK AT THE "SHELTER" FOR WOMEN VICTIMS OF DOMESTIC VIOLENCE, SHELTER KAMEZ

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Abstract: *Feminist Theory of Social Work is part of the feminist theory. Feminism now used by some social workers as a convenient theoretical framework, to study the experiences of women in society and to develop intervention strategies to change these experiences positively. Referring to the approach of the Theory of Social Work Feminist on relations of power and strength, the study focused in shelter for women victims of domestic violence in Kamez. Its implementation in policy center noticed the employment of female workers, since employees are figures referring to the winners and given that, impose their rules which must be observed in women who come to the center, women victims of violence do not experience the feeling of which were removed, where the relations previous addiction characterized by weakness and power of men. This study aims to assess the needs of abused women and contribute to lobbying to open other regional shelters for victims of domestic state. To achieve the study a sample was selected by qualitative method. Relying on the theory of Social Work Feminist intended to be applied to a study of type ethnographic concentrated in the center on its history, data, operation, given a view of the center, the data that be obtained from documents, archives and available data center. The study revealed that the application of the method of feminist social work emphasizes the gender inequalities and do not take into account individual experiences of battered women.*

Keywords: *feminist theory of social work, violence against women, shelter, residual centre worker*

INTRODUCTION

In Albania there is a national single state center for battered women, in Kamez, and this center is under the Ministry of Labor and Social Affairs. It operates on the basis of a qualified and professional staff in treating victims of domestic violence. The mission is to help and support women victims of gender violence (physical, emotional, sexual or economic). Assistance is provided through telephone counseling or counseling through face to face. The centre counseling for women and girls operate on the basis of a multidisciplinary staff trained to respond to the specific needs and characteristics of victims

of violence. The staff is composed of social workers, psychologists, doctors and educators; in some cases supported by legal specialists to enable women in need of legal assistance to the situation in which they are located.

This study aims to assess the needs of abused women and contribute to lobbying to open other regional shelters for victims of domestic state. Referring (Orme) in 2002 on the four directions of Feminist Social Work as:

1. *Condition of women* where women disseminate experiences of oppression and discrimination in many aspects in life and professional advantages and disadvantages that follow their work. Through interviews will highlight the experiences of women center and a feel in this printing center as a result of paternalism and bureaucracies in practice.

2. *Women-center* where the focus is to identify the specific needs of women and their fulfillment by identifying needs through focus groups and interviews e.g. needs of women at the center and needs of battered women because they come from the center in the integration process.

3. *Voice otherwise women* where women experience the world differently and have different views of men, especially in social and moral issues.

4. *Working with diversity* because they share the experience of the oppression which makes women to be able to identify, evaluate and respond to different types of social diversity. From the moment where the beneficiary begins to assist in the shelter made available a period which can vary from several days to several weeks to reflect on what has happened, the problems of the past to her, identifying needs and recovery traumatic situations. At this stage a woman needs special support to pass the time of crisis related to the fact that she is in a new situation with previously unknown people. During the individual meetings the social worker assesses the needs of women and discusses together with all the possible options available to her by giving support.

Referring to the approach of the Theory of Social Work Feminist on relations of power and strength, its implementation in policy center noticed the employment of female workers, since employees are figures referring to the winners and given that, impose their rules which must be observed in women who come to the center, women victims of violence do not experience the feeling of which were removed, where the relationship of previous addiction characterized by weakness and power of men. Stable and faithful relationships with agencies, clients may not be supported by including customers in practice. Dominelli (2002) identifies a number of feminist practice principles: recognition of the diversity of women; strong values of women; elimination of privileges to some groups of women, so this is not based on the unequal power relations; consideration women as an active agent, able to set their own decisions; identification of social contexts and individual reconciling of women; to give women the right space to voice their needs and solutions; recognizing that

the personal is political and all levels practice with each other; redefinition of private problems as public issues; to ensure that women's needs are addressed in a way that treated every area of life which interact with other.

We understand that human relations are all interdependent and affect all others who interact with them and addressing both individual and social causes of the problems of women. Although highly controversial, the concepts of language, discourse, positioning, and deconstruction are central to the practice of social work that aims to rectify issues that impede the realization of individual well-being and social justice by helping individuals in their social practice which treats an individual's psychological base. Assessing the capacity of women across the spectrum of capabilities encourages by emphasizing the difference as a force within an egalitarian framework, social workers make a careful assessment and complete specific realities of a given situation. Other important terms of feminist social work practice are: combination, reciprocity, ambiguity, power and citizenship. These can be found in every aspect of women's lives, but are especially noticeable at work by interconnectedness signals interdependence that exists between people and the connections between them together in reciprocity. Mutuality is the building blocks of egalitarian.

METHODOLOGY

To achieve the study sample we selected by qualitative method among battered women who are housing in the center, the center of staff workers, and children housing in the center. We applied the method of obtaining data with focus groups, women and workers of the center, conducted interviews combining interviews, and not direct, interviewing women in center, the staff of the center, interview with staff of ministry. It has under center and interview with a woman who has come from the center and undergoes the process of integration into society. Semi-structured interviews are a form of terrorist application of feminist social work. Interviews consist to answer questions about what services do they provide for women when they are in the center and what services are offered to them when leaving the center, in a sense becomes a confrontation, women compare answers with center staff answer of the situation in which they are located.

Through the application of qualitative research method aimed at the search conducted in the center of battered women retained in the estimated service in Kamez provided to abused women and their integration into society after emerging from the shelter. Relying on the theory of Social Work Feminist intended to be applied to a study of type ethnographic concentrated in the center on its history, data, operation, given a view of the center , the data that be obtained from documents, archives and available data center. The data obtained through observation, focus groups and interviews mixed application of semi-structured and structured.

Feminist Theory of Social Work with its focus on the private / public help to outline the study on the relationship that exists in state social service provided and the needs of battered women. Appreciating how state social service prepares abused women to be integrated in life as they emerge from the residual center. Why do women get raped in service center? What benefit to the shelter? When you feel ready to leave the shelter and what needs they have when they want to escape from the center? What are the needs of battered women have since coming from the center in the reintegration process and what is the possibility or probability that these women return to center after the end of reintegration stage? These are the main questions to be answered through research as a way to assess the specific needs of battered women.

RESULTS

The study revealed that the application of the method of feminist social work emphasizes the gender inequalities and do not take into account individual experiences of battered women. Although illustrated in the literature that feminism has not effectively served to assess the needs and realities of raped women, feminist research approaches are important because they contextualize domestic violence and gender inequality, and patriarchal structures. In preserving the spirit of the philosophy of empowerment and support, it is important to shelters to review the rules set for life inside the shelter, to ensure that these rules do not be oppressive and give participants the opportunity to take decisions for them.

CONCLUSIONS

It is important to have some rules for living in a shelter, to maintain security of all participants in the program. But the shelter should not recreate the dynamics of powers that are present in abusive relationships. For example, these dynamics are recreated when the shelter staff takes the role of "setter's rules" which puts participants' position known to them as "followers of the rules". Shelters should be careful not to set rules, the only purpose of which is facilitating the operation of the shelter, without regard for the safety of residents. Tips to meet the needs of battered women are: 1) Establishment a primary line addressing cases of violence against women to ensure protection of victims; 2) Establishment of specific infrastructure (room for accommodation and reporting) for cases of violence; 3) Psycho-social counseling and free legal assistance; 4) 24-hour telephone service in regional shelters; 5) Primary and secondary health services; 6) Immediate counseling; 7) Protection and immediate medical treatment; 8) Safe housing; 9) Housing community; 10) Exemption of victims of domestic payments to educational and vocational training courses; 11) Information and effort to recruit raped women to avoid their re-victimization; 12) Support services to help victims understand what

you need to live for a life free of violence and what they can do; 13) Tell the victims of domestic information about the existence of a referral mechanism that helps them to follow the steps that must come from shelters because they live separately.

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PHYSICAL EDUCATION IN SCHOOL A BARRIER FOR LEAVING SCHOOL BY TEENAGERS

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Abstract: *Democratic society is the reflection of the values of Western civilization; it is the society that guarantees freedom and human rights. In Albania it is still much to do. It can be seen in every institutional or interpersonal relation and is reality in the school, which constitutes the most important hearth to educate the new generation.*

This paper disclosed and made efforts to explore the multidimensional problems encountered which Albanian schools are facing in recent years and has fundamentally problematic relations between teacher-student and school family cooperation. These relations and cooperation are a transitional stage between conservatism, authoritarianism and democracy. It is interesting the problems that carry medium level education in our country, as is the age of adolescence, which needs more attention. These problems in the system of education have a powerful impact on this age group and are long-term consequences. Through this study we tend to include all systems operating in society from the family, schools, government, media and different social agencies to provide our contribution in support of efforts of teachers of physical education. To provide a well-coordinated distribution system, our youth school has been created. Complex needs of students seeking inclusion arising from the merger of trained professionals skills. The study was undertaken in a span of 4 months conducted in 3 schools in Elbasan, Albania. The study concludes that most students like physical education program at the school, but have discontent and demands for improved infrastructure, playgrounds and material base. The completion of this study shows that adolescent relations, teachers and parents are in crisis. A large percentage of respondents claim that they are locked in themselves and schools bother with morality and rules. With hours of physical education they feel confidence, fun and stress resistance.

Keywords: *physical education (www.merriam-webster.com), teacher-parent cooperation, adolescence, school attendance*

INTRODUCTION

For teachers of physical education it is interesting problems that carry medium level education in Albania, as the age of adolescence, which needs more attention. Problems in the system of education have a powerful impact

on this age group and are long-term consequences. What's happening with Albanian teenagers? What are the reasons of little school attendance? How are the relations between teachers and parents? Do teachers in our high schools face authority? Is there an association between the school and parents and what are the fruits of this cooperation? Do we have a democratization of relations as teachers to pupils and what are the social consequences of the lack of this democratization adolescent? What is the impact that brings the disintegration of authority on the psychosocial development of adolescents? Is there an association between the school and parents and the fruits of this cooperation with teenagers prevent social problems in schools? What is the relation that exists between academic achievement and school attendance of adolescents and teacher-parent relations (two dimensions of cooperation and communication) on the basis of reporting physical education teachers? What is the role of physical activity in our schools today? Coordinated work between teachers, parents, and teachers of physical education in our schools today? What is the impact that physical education in school attendance and academic achievement? These and a number of other major issues pushed me to research the causes and consequences of relations between teachers and students in schools today and the role of physical education. Through this study we tend to work all together, including all the systems operating in society from the family, schools, government, media, different social agencies to provide our contribution in support of the efforts of teachers of physical education for providing a well-coordinated distribution system, which has been created to serve our youth school. Complex needs of students seeking inclusion arising from the merger of the skills of trained professionals.

MATERIALS

Recognizing the characteristics age and psychosocial development of adolescents become more clearly relations they establish with teachers and peers, presenting themselves in interpersonal relations, especially in schools, and the consequences that accompany this age if no attention and care of social actors closest to them. Adolescence is a stage of development of a social, emotional and intellectual young man moved toward adults.

Physical education is a process of programmed, organized and directed teaching by the teacher, who realized in class and in other forms of motor activity outside of class, characterized by a set of important functions. Function full in the educational process, without doubt, the most important value we bring personality to pupils (Guido Subashi, Jani Daci, Physical Education Teaching, Tirana, 2004). In physical education students learn to run, jump the longest and highest throw objects in the distance sign, play basketball, handball, volleyball, etc. All is required in the fundamental goals of the program of physical education: skills and habits, which characterize the level of the

standard acquisition multiple motor actions (Jani Daci, Veiz Belliu, Action learning motor and differential treatment of students in physical education, Tirana, 1999).

Physical Education (International Cards Physical Education, Physical Activity and Sport, UNESCO General Conference), Physical Activity and Sport in point 2.6 of its wider society, physical education, physical activity and sport can give health considerable social and economic benefits. A model of active life helps prevention of heart disease, diabetes, cancer and obesity, and finally it reduces premature death. Also it reduces related costs associated with health, increases productivity and strengthens civic engagement and social cohesion. Albania has major problems with education. Albanian schools have shortcomings in curriculum and infrastructure. In the case of physical education curriculum is completed but has obvious infrastructure of the students are satisfied with the program that offers physical education in school and the professional side of teachers of physical education but have public discontent about the lack of playgrounds with contemporary standards because they are too worn out, gaps in the base materials and teaching tools.

Physical education in schools is important for children. It affects the education of a healthy lifestyle and active and acquisition of skills important and valuable throughout life, skills development of coordination and physical attributes, the acquisition of the initial bases of technical and tactical elements that earned by sporting disciplines. It enables students to develop concepts and skills necessary to participate in a wide range of physical activities and sports, which affect the growth of their physical wellbeing and prepare for an active and healthy life. The National Association of Sport and Physical Education (www.aahperd.org./naspe/standarts/PEPS/.cfm; July, 14, 2011) suggests for the importance of physical education program, each and every student (with and without disabilities) will: 1) demonstrate competency in many movements forms and proficiency; 2) apply movement concepts and principles to the learning and development of personal motor skills; 3) has an active lifestyle; 4) exhibit health-enhancing levels of physical fitness; 5) develop and maintain positive personal and social behaviors which occur in activity settings.

The impact of physical, mental and social education on children

Physical education program creates base for a harmonious development of their organization and improving its functioning. It is evidenced by studies; it increases the amount of blood that the heart float in a brawl coupled with a reduction in the number of beats per minute; increase the volume of the lungs; develop of muscle strength; harden of bone mineralization; make better control of anxiety, stress and brings satisfactory.

Physical education affects the psychological well-being, improves methods to control stress and mental functioning (such as the ability of decision making, planning, and improves memory), reduces anxiety and helps to a regular

sleep. Participating in sport games teaches children many things about life. They win some games and lose in others; it makes them realize that victory and defeat are a part of life and should be accepted as such. When a student becomes part of a team, he learns that cooperation with others is important, if goals are achieved. Students must respect rules of the game, decisions of the judge and the opponent.

METHODS

The study was undertaken in a span of four months conducted in 3 schools and a secondary school in the city of Elbasan. School "Dhaskal Todri", school "Qemal Stafa", high school "Constantine Kristoforidhi", secondary school "Naim" and its primary aim is the awareness of teachers and students to raise effectiveness and spirit of cooperation between them, more commitment and involvement of the families of the students in the programs and initiatives that undertake schools in the process of education, adding the active role of social workers. The goals were: 1. to determine the strength of the connection and impact of teacher-parent relationship and vice versa; 2. to determine the impact of the democratic teacher-students relationship in the psychosocial development of students; 3. to determine the impact on family school cooperation in academic achievement and school attendance; 4. to determine the impact of the teacher of physical education in school academic achievement and school attendance; 5. to identify differences in the current level of teacher-parent relationships (cooperation and communication in academic achievement and attendance, parental involvement, such as discussion parent-child, family environment to support learning, parental involvement in homework expectations parental education, beliefs and attitudes of parents). To conduct this study were used material from pedagogical magazines, publications of some giants of world education, materials from seminars organized by MASH, data from questionnaires distributed to some schools in the city. The performance of this study includes several stages: 1) knowledge, finding, reading and filing of literature; 2) use of questionnaires; 3) working field to know more closely the problem, practice conducted in school "Qemal Stafa" in Elbasan and in some municipalities of the county schools as Shushicë, Gjinar, etc; 4) collection and analysis of data.

RESULT AND CONCLUSION

1. Democratic society is the reflection of the values of Western civilization; it is the society that guarantees freedom and human rights. In Albania is still very much to do. This can be seen in every institutional or interpersonal relation and is reality in the school, which constitutes the most important hearth to educate the new generation.

2. We disclosed and made efforts to explore the multidimensional problems encountered which Albanian schools are facing in recent years and has fundamentally problematic relations between teacher-student and school family cooperation. So these relations and this cooperation are a transitional stage between conservatism, authoritarianism and democracy.

3. Improvement of these relations is conditioned, among others, by recognizing and respecting their personality traits of teenager who experiences the crisis of identity, struggling to consider and treat as adults, they put in doubt all norms and moral values, etc. Teen educational work there will be no success without knowing and without relying on its positive aspects, without forgetting any cast that constitutes his social feeling "barometer of normality".

4. Our system teaching-education will not be reduced only to the preservation and development of curiosity of intellectual scholars, but also in enabling them to learn independently, to think critically, to understand the complexity of the social world, to recognize and accept other individuals and peoples, to develop individuality and acquisition of common European values. Achieving these goals becomes reality when synchronizing educator enthusiasm, commitment and work with certain objectives to select, being adopted and implemented (into concrete conditions of the class) by theoretical and advanced educational experience of the developed countries. Internet cannot coexist with teachers or students who do not know to learn.

5. Our school during 45 years of the communist regime party state scored very high achievement in terms of proliferation and establishment of linkages to a comprehensive education system. But, unfortunately, being in full service of the communist party (APL), democratic spirit and its contents were asphyxiated by Marxist and Leninist, this antihuman process that legitimized the implementation of triangular-revolutionary lessons of physical education job-military production, overwhelmed by the ideological and party Marxist and Leninist teachings of "Comrade Enver". In this miasma they were build teacher-students relations as a result, they stifle initiative and free thought seriously violated of human rights.

6. It is natural that this philosophy recidivist vivifies education in our school today. The data collected from the survey with teenagers prove the lack of cooperation between teachers and students, teachers are less interested in their problems, are conflicting and cold, often brought with them harshly, the performance methodical them in class at most; it makes the case interesting, they are superstitious, imposed on students, not create bridges of cooperation with the family. Despite the age of many teachers that are guided by "banking educational concept" who present themselves as the opposite of scholars needed that by drumming adolescent ignorance and justify their own existence.

7. Such relations in schools are associated with negative consequences on the psychosocial development of adolescents. In the chaotic conditions

in which our country is, many teens are getting involved every day for abundant and risky behavior, as the use of alcohol, tobacco and drugs, abuse alcohol, use of weapons. Depressions made present as a result of the interaction of many factors, such as lack of family harmony, parents divorce, major economic problems, peer popularity of low, low educational achievements, suicide attempts, etc. This is the drama which faces a part of the Albanian teenagers. To help prevent and alleviate these problems, teachers and parents should play an important role. This is possible when there is constructive communication between them. The completion of this study shows that adolescent relations, teachers and parents are in crisis, a large percentage of the respondents' claim that they are locked in themselves and schools bother with morality and rules, as the conservative family. With hours of physical education they feel themselves better, have fun and relieve their stress. Albania has major problems with education. Albanian schools have shortcomings in curriculum and infrastructure. The role of physical education in school is so important to help solving the teenage problems. In the case of physical education curriculum is completed but has obvious infrastructure of the students are satisfied with the program that offers physical education in school and the professional side of teachers of physical education but have public discontent about the lack of playgrounds with contemporary standards because they are too worn out, gaps in the base materials and teaching tools. Most students take pleasure from physical education program at school because teachers make it fascinating.

In this study there were some predominant theses which refer the relations between gender and grade. The majority of students are satisfied with the experience they have with the physical education program at school. Most of them continue to take the physical education, both males and females desire competition more often. One of the most important factors in liking or disliking physical education by both males and females is a competitive environment. They need to participate regularly in physical education programs and to have diversity in participating. Most of them want physical education more often because playing and talking with friends is a pleasure, also running, laughing, having fun with friends. In particular the study emphasizes the importance of physical education program for middle school students. Males showed more confidence in their sports than females. Both female and male provided opportunities for positive social interactions. The study conclude that most students like physical education program at the school but have more discontent and demands for improved infrastructure, playgrounds and material base. The Albanian government should invest more in improving conditions in schools to make a lesson qualified and attractive by investing in new gyms and other physical capacities.

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RESPONSIBILITY IN THE HIERARCHICAL SYSTEM OF TEENAGERS' VALUES IN LATVIA

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Abstract: *The modern society can be characterized by the rapid process of social and moral differentiation. Destruction and reassessment of traditional values, orientation of the modern personality to achievement and attainment of material benefits as leading values in human life caused the spiritual and moral crisis in the society, especially amongst teenagers. Responsibility as a value feature of a personality issues the challenge of the moral choice, which is expressed in the spheres of living, interests, needs and social relations, defining the meaning of life of every member of the society.*

Keywords: *personality, value system, responsibility, teenagers, modern society*

INTRODUCTION

In the conditions of the social economic crisis, political conflicts and depreciation of traditional values in the European community, the rising generation with their changing outlook and system of values is experiencing the most difficulties. The system of values is the factor, which allows judging the state of the society, its potential and development perspectives. "It seems that people have lost striving for truth and dignity, they ceased to respect the things that the previous generations have managed to gain by huge sacrifices... Ultimately the basis of all human values is morality and responsibility determining person's behavior and life" (Einstein, 1991). Lack of spirituality and its result, a selfish and egoistic attitude to life, orientation solely to obtaining and gaining material benefits as main life values, beget spiritual cynicism in teenagers, lacking faith in them and in the society, estrangement from moral values; as a result it entails the value vacuum.

The *aim of the research* is to define the grade of responsibility in the hierarchical system of teenagers' values in Latvia.

MATERIALS AND METHODS

The empirical research includes the complex of psychodiagnostics methods: diagnostics of attitude to life values "Value

orientations" (RVS) (M. Rokeach); "Value survey" (S. Schwartz); the method of social inquiry "Distribution of significance of values in teenagers' personal characteristics", as the qualitative and quantitative analysis of the results using methods of mathematical statistics: Student's t-test and correlation analysis. The participants of the empirical research: pupils of the 8th -11th grade (in total 502 respondents) of various institutions of general education in Latvia (Tables 1-6, Figure 1).

RESULTS

The method "Value orientations" (SAV) by M. Rokeach (2002)

Table 1

Teenagers' terminal values in Latvia

Values	Average Indicators of significance	Rating
active, energetic life (life completeness and emotional richness)	10.3	11
life wisdom (maturity of judgment and common sense, obtained with life experience)	12.4	16
health (physical and mental)	10.0	10
interesting work	9.5	8
nature and art beauty (feeling the beautiful in nature and art)	12.9	18
love (spiritual and physical intimacy with a beloved)	4.7	3
stable financial welfare (absence of financial difficulties)	3.1	1
good and trustful friends	8.0	6
public recognition (respect from surrounding people, colleagues)	9.3	7
cognition (possibility to improve education level, to enlarge the mental outlook, general standards, intellectual development)	11.9	13
productive life (maximal usage of one's possibilities, forces and skills)	11.2	12
development (self-cultivation, permanent physical and mental perfection)	12.0	14
entertainment (pleasant, easy time spending, absence of obligations)	4.5	2
freedom (independence, self-dependence in judgments and actions)	7.8	4
happy family life	8.0	5
others' happiness (welfare, other people's, the entire nations', the humanity's development and perfection)	12.7	17
creative work (possibility of creative work)	12.2	15
self-confidence (internal harmony, freedom of internal doubts, contradictions)	9.9	9

Source: author's research

Table 2

Teenagers' instrumental values in Latvia

Values	Average Indicators of significance	Rating
neatness (cleanliness), ability to keep things in order with actions	8.2	7
good manners	9.1	8
high demands (high requirements to life and high pretensions)	9.3	9
cheerfulness (sense of humor)	6.1	3

diligence	9.6	11
independence (ability to act independently, resolutely)	5.7	2
implacability to one's and other people's weaknesses	6.7	4
education (breadth of mind, high general culture)	9.5	10
responsibility (feeling of duty, ability to keep one's word)	12.9	16
rationalism (ability to think reasonably and logically, take well-considered and rational decisions)	7.1	5
self-control (reserve, self-discipline)	14.7	17
courage in defending one's opinion, views	3.0	1
strong will (ability to have one's way, not to recede when facing difficulties)	7.4	6
tolerance (to others' opinions and views, ability to forgive others' faults and mistakes)	15.9	18
breadth of opinions (ability to understand others' opinion, to respect others' tastes, customs and habits)	10.3	12
honesty (truth, sincerity)	12.8	15
efficiency in business (diligence, productivity in work)	10.4	13
sensitiveness (attention)	11.2	14

Source: author's research

The method of social inquiry "Distribution of significance of values in teenagers' personal characteristics"

Table 3

Distribution of values' significance in teenagers' personal characteristics

Value characteristics	Average indicators of significance	Rating
Educated person	31.0	3
Person, which is capable of achieving everything in his/her life	63.2	1
Person, which is capable of ensuring himself/herself welfare	38.6	2
Creative, qualified specialist	27.5	4
Conscientious, disciplined employee	19.0	5
Critically thinking person	4.2	10
Person, which is able to take responsibility	5.8	8
Reliable defender of the country	12.5	7
A man of principle, not making compromise	3.4	11
Romantic and enthusiast	4.6	9
Person having a subtle perception of the beautiful	3.2	12
Person, which is capable of building a strong family	18.7	6

Source: author's research

The method "Value survey" by S. Schwartz (1992)

The questionnaire is worked out for examining values, ideals and beliefs influencing the person. S. Schwartz distinguished and grouped 10 motivation blocks, covering basic values: *Social Power, Stimulation, Achievement, Hedonism, Self-Direction, Universalism, Benevolence, Tradition, Conformity and Security.*

Table 4

Average indicators of value types' significance on the level of standard ideal

Values	8 th grade	9 th grade	10 th grade	11 th grade	Average indicator
Restrictive conformity	3.00	4.03	3.09	2.81	3.14
Tradition	1.84	2.99	3.07	3.35	2.81
Benevolence	4.03	4.49	3.83	3.98	4.00
Universalism	2.93	4.28	4.15	4.52	3.75
Self-Direction	3.95	4.27	3.87	4.03	3.93
Stimulation	3.60	4.36	4.08	4.38	4.09
Hedonism	4.72	4.79	4.29	4.51	4.54
Achievement	3.86	4.29	4.47	4.57	4.29
Social Power	4.38	4.77	4.50	4.75	4.52
Security	2.69	3.64	3.69	3.90	3.40

Source: author's research

Table 5

Average indicators of value types on the level of individual priorities

Values	8 th grade	9 th grade	10 th grade	11 th grade	Average indicator
Restrictive conformity	1.93	1.99	1.74	1.68	1.83
Tradition	1.61	1.56	1.14	1.05	1.29
Benevolence	2.23	2.35	2.50	2.52	2.35
Universalism	2.53	2.46	2.09	2.16	2.19
Self-Direction	2.34	2.47	2.29	2.59	2.36
Stimulation	2.13	2.36	2.49	2.91	2.39
Hedonism	2.33	2.68	2.47	2.17	2.37
Achievement	2.45	2.46	2.76	2.55	2.51
Social Power	2.59	2.44	2.60	2.30	2.40
Security	0.90	1.30	1.68	1.65	1.33

Source: author's research

Table 6

Ranking of significance of values on the level of standard ideals

Values	8 th grade	9 th grade	10 th grade	11 th grade	Average indicator
Restrictive conformity	7	9	9	9	9
Tradition	10	9	10	10	10
Benevolence	4	6	5	5	5
Universalism	8	6	4	4	7
Self-Direction	6	7	5	5	6
Stimulation	5	1	5	6	4
Hedonism	2	2	1	1	1
Achievement	5	5	2	2	3
Social Power	1	5	2	5	2
Security	8	8	9	8	8

Source: author's research

Results of the research by means of the correlation analysis show the high level of interrelation between four of ten value indexes: *Hedonism* ($r = 0.48$), *Social Power* ($r = 0.55$), *Achievement* ($r = 0.70$) and *Stimulation* ($r = 0.43$).

CONCLUSION

The results of evaluation of the terminal values are rather interesting. Such values as "stable financial life", "entertainment", "love", "freedom" and "happy family life" take the leading positions in the rating top five places. It appears that these categories of values are the society's social priorities reflection by teenagers. It is worth paying attention to the value category, which is in the last five categories: "development", "creative work", "life wisdom", "other people's welfare" (incl. the state), "beauty of nature and art". The given category is very significant at the moment of choice of the personal life trajectory.

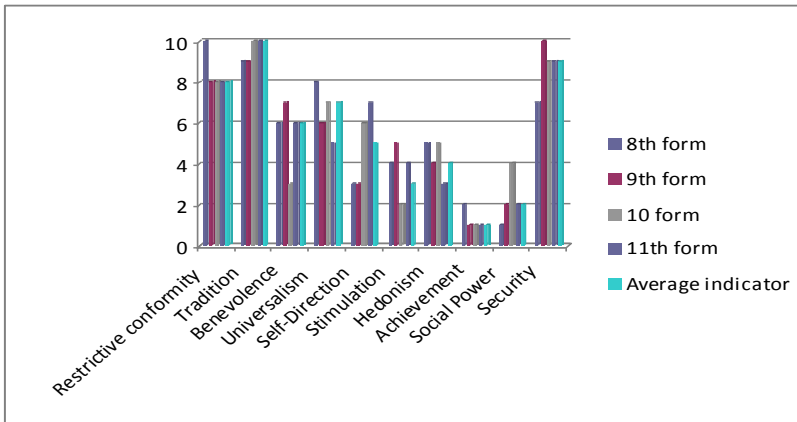


Figure 1: Ranking of significance of values on the level of individual priorities

Source: author's research

Analyzing the results of the instrumental values list, it is possible to conclude that such values as "courage in defending one's opinion", "independence", "cheerfulness", "implacability to one's and other people's weaknesses" and "rationalism" take the first five places in the list. Relevant and important value at the given period time is education, but it ranks 10. It appears that honesty and efficiency in business (diligence) are the result of influence of common human values. Special attention should be drawn to the fact that "tolerance", "self-control", "responsibility", "honesty" and "sensitiveness" take one of the last positions in rating.

Analyzing the results of the social inquiry "Distribution of significance of values in teenagers' personal characteristics", it is possible to conclude that teenagers are oriented to personal achievements, strive for social and material welfare, we can observe the pragmatic orientation in parallel with

the decrease of significance of civil, professional and family positions, which are not priorities in teenagers' opinion. Such a feature as "*Person, which is able to take responsibility*" ranks only 8.

Analyzing the results of the method "*Value survey*" we can conclude that both on the level of beliefs and on the level of individual priorities almost the same values remain the most significant (*Achievement, Social Power, Stimulation and Hedonism*). The least important are such values as *Tradition, Restrictive conformity, Security and Universalism*.

In general, the results of the correlation analysis certify that results of the research are almost identical despite the difference in methods of value measurement.

Nowadays teenagers' value orientations represent a complicated and contradictory system, where "*Person, which is able to take responsibility*" is ranked very low in the hierarchy of values with prevailing tendency towards value of material welfare transforming from values-means into values-goals.

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THE CULTURAL APPROACH AS A THEORETICAL AND METHODOLOGICAL STRATEGY DESIGNING THE SYSTEM OF GENERAL COMPETENCE OF FUTURE HUMANITARIAN FACULTIES TEACHERS

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Abstract: *The article analyzes the philosophical, scientific and educational literature on the implementation content of cultural approach, structure and nature of the general cultural competence. The meaningful understanding of a person's place in culture, as the culture's phenomenon is a basis of a person's understanding, his consciousness and life, the creativity of culture. Person becomes the main in the field that leads to an understanding of its characteristics and behavior, activities, showing his feelings.*

Keywords: *cultural approach, general cultural competence forming of future teachers of humanitarian faculties*

INTRODUCTION

The cultural approach is based on the teachings of the spiritual and material values. A person's development happens due to learning culture as a system of values of nature, human beings, society and so on. Educational retrospective and upbringing systems are considered as a layer of pedagogical culture, which in its turn is a part of human culture according to the cultural approach. The process of training of future humanitarian faculties teachers of with the general cultural activity involves the creation of psychological and educational conditions in the students' team; they understand teaching values importance and become creators of new cultural elements.

MATERIALS AND METHODS

I. Zimnaya distinguishes six main areas that represent three global aspects, characterizing the content of the general culture from the position of student-active approach. The aspect of person's culture consists of: cultural attitude and self-culture; the aspect of cultural activity is presented with culture in intellectual and subject activity; the aspect of culture of social interaction with other people is characterized by the cultural behavior and communication. Some compounds were identified that can be at each stage of education: understanding of the world (understanding); knowledge of the world; skills; the creative transformation or creation and preparation

to further development. The author correlates the definition of these compounds with the terms as "making", "creation" (V. Kudryavtsev), "skills" (V. Kudryavtsev, E. Erikson).

According to the author's opinion, the main (common cultural) characteristics of adult (student) are: 1) respect of another person dignity and keeping dignity in different situations of social interaction (professional and social), i.e. person's culture, self-control; 2) person's adequacy (style of behavior, appearance, communication) to the situations of home, professional, social interaction, i.e. culture of life, work, leisure, communication, healthy lifestyle; 3) keeping of ethno-cultural traditions, customs, rules of etiquette in mono- and cross-cultural interaction, i.e. normative culture of behavior, etiquette, attitude and social interaction; 4) preparation of using common cultural fund of knowledge (humanitarian, natural sciences, economics, politics, law, etc.), which is formed by the content of complete secondary and high education in the process of solving problems of social interaction, i.e. the culture of intellect; 5) culture of self-regulation, personal self-determination; 6) orientation in basic predominant of the modern world, country and society; in key areas of history and keeping the cultural life of the world, countries (music, literature, architecture, etc.), i.e. general culture of civilization; 7) social responsibility of human beings, their behavior, responsibility for the welfare of others, i.e. the culture of social life [1].

The analysis made by the scientist has showed that the boundaries of spreading the general culture of personality are characterized by a deep filling and they are rather significant. I. Zimmaya considers the general culture as a set of personality that finds its manifestation in social interaction and creative self-realization in the process of activity.

It should be mentioned that the Ukrainian etymology of the word "culture" is a conglomerate of categories of pedagogy: upbringing, education, erudition and development. And it has a genetic link with the words "breeding", "taking care of" and taking care of a live creature. In our research we pay attention to the individual and active dimension of general cultural competence. For example, a personality acquires a set of knowledge, skills, experience, beliefs, abilities, capacities, which has general cultural character in the process of education. Undeniable is the fact that education in a wide meaning is singled out both as the process and as the result of erudition. At the same time, the result of education should be considered as taking into account the praxeological (skills, experience), anthropological (person's qualities), axiological (value) components [3, p. 13].

V. Andruschenko, V. Bibler, O. Bondarevskaya, G. Ball, S. Hesse, S. Goncharenko, I. Zyazyun, M. Khan, M. Cole, V. Ognevnyuk, A. Rudnytska, A. Savchenko, S. Sysoev and others emphasize the connection of education and culture in their researches. Thus, S. Hesse emphasizes the practical

importance of educational philosophy; aim is philosophical understanding of cultural values. Today, a new branch of philosophy of science, educational philosophy is formed, which development has its roots in the evolution of the basic philosophical concepts of the person's role in the world. According to the modern philosophical concepts, a person becomes the center of the scientific picture of the world. The problem of humanization (I. Zyazyun) requires thinking in this context in the area of professional training.

The systematization of modern ideas about the content, structure and nature of the general cultural competence gives us an opportunity to catch out the difference of the phenomena from related to its basing on the results of analysis of the philosophical, pedagogical and psychological literature.

In this case, it should be noted that the problem of the forming of the general cultural competence (GCC) of future humanitarian faculty's teachers is related to reforming the changes in education as for the humanitarization, humanization, individualization and innovation. As the scientists emphasize, it is defined by combining everybody's efforts to some extent, makes this scientific and educational space and going to be integrated in. It is defined in creating conditions for a whole educational world, providing personal orientation in upbringing education and the optimal choice of relations of all participants in the educational world [2].

Many scientists indicate that culture is an area of the spiritual life of society and it has a close relation with upbringing education. We believe that the conclusion of I. Anosov, V. Molodychenko and T. Troitskaya is scientifically proved and appropriate for our study. The authors consider that education is a method and the result of acquisition of culture by a person and educational changes are taken as a movement of cultural person, who is a center of historical progress. And from this point, a person creates unique cultural world and its own destiny [2], having acquired a necessary set of social practices and ethics of open dialogue. In our study, we pay attention to the I. Yakimanskaya's point of view that students' educational activities should help in knowledge learning and in creation of conditions for this learning as for human and national cultural and self-identity of his cultural needs, interests, abilities, and creating certain intellectual skills allowing himself to acquire knowledge, to transform, enrich, depending on the specific conditions of their use [6]. It can be a favorable psychological atmosphere of educational process when person acquires cultural development and experience of cultural behavior. In this case, becoming of student's creative personality is being happened in the GCC forming process.

RESULTS

The cultural approach allows opening the structure of the pedagogical culture as the ultimate goal of training future teachers of humanitarian faculties and its GCC important component. Indeed, a deep cultural content

is put in the modern understanding of philology, based on philosophical anthropology that humanizes all culture in the content of life.

The cultural approach focuses on the personality knowledge and on the development of his feelings, emotions, interests and abilities as well. Educational priorities changes are determined by goal of professional training as for forming the general cultural competence and professionalism of future teachers. The defined updates their general cultural preparation due to modern processes of humanization and humanitarization, which takes place in the educational space. T. Troitskaya notes that methodological position of a specialist is based on the methodological culture as the ability to find an optimal choice in each case in deciding professional tasks based on theoretical and methodological knowledge, exploring culture not only as a process of creative activity but as a universal quality of people's life. In the context of our study, we follow the opinion that the implementation of the cultural approach, keeping methodological requirements provides the future of the educational process and upbringing through the culture's polylogue and the modern personality perceives himself as a participant of a dialogue on its basis, where everybody's position becomes the subject of commentaries and interpretation [2].

The common scientific bases of cultural approach are ideas and concepts that bring new content in the humanism theory such as the idea of a planetary consciousness (V. Vernadsky). In turn, planetary consciousness provides the forming of a new type of humanitarian thinking (M. Bakhtin) or "the cleverness of mind's communication" (A. Losev) as a necessary guarantee of person's development who is able to understand the culture of people of all ages with a high level of philosophical thinking. It should be noted that the GCC forming in the process of person's professional training involves not only knowledge and skills, but also the forming of motivating attitude to activity, science and life, taking into account how cultural must be a way of professional and educational actions of future humanitarian faculty's teachers. The methodology of cultural approach provides taking into account the characteristics of general educational conditions of its development, requires the necessity to design an optimal system of education in accordance with the existing type of culture and the demands of modern civilization [4]. According to its characteristics the cultural approach tends to investigate educational events and educational activity as a set of cultural components in the wide social cultural background based on the local cultural situation. The educational facts and phenomena open with the cultural processes of the past, present and future.

DISCUSSION AND CONCLUSION

The meaningful understanding of a person's place in culture, as the culture's phenomenon is a basis of a person's understanding, his consciousness

and life, the creativity of culture. In the context of the established views on culture and society that define the ways of interconnection in current conditions of national revival of Ukraine; V. Tabachkovskiy pointed out, looking through anthropological paradigm, "anthropology of preachers", the reflection is more desired rather than the real image of the person: "The anthropology of normatism and rigorism, normative and repressive pedagogy (a legacy of the totalitarian era) and normative-utopian vision of society are reconsidered. Instead, there is a tendency that called anthropology, sociology and pedagogic perception, which are related to deepening and extension the horizons of human nature" [5, p. 140]. It is the humanist position, in other words, an increased interest is in a person's knowledge (his personal and professional characteristics, manifestations of life, activities, etc.). In this case, a person becomes the main in the field of action that leads to an understanding of its characteristics and behavior, activities, showing his feelings.

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THE MAIN MILESTONES OF LIFE AND CREATIVE ACTIVITIES OF OLEKSANDR DUKHNOVYCH (1803-1865)

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Abstract: *Particular features of historical epoch of the famous Ukrainian Transcarpathian writer, philosopher, pedagogue Oleksandr Dukhnovych, his attitude towards the Hungarian revolution of 1848-1849 are analyzed in the article. The writer's activities and its influence on Transcarpathian social and political life, the major themes and genres, the author's specificity of solving the language orientation problems are examined. Dukhnovych's philosophical positions, his interpretation of problems of human existence and vocation, importance of moral principles, moral education and improvements in the organization of social and political life and governing of the state are revealed. Some of Dukhnovych's works about the history of Transcarpathia, in particular his views on the reciprocal historical influences between Transcarpathian Ukrainians and Hungarians are touched upon. Dukhnovych's creative work in the field of pedagogy, primary basics of the researcher's educational system, and requirements for the teacher are characterized.*

Keywords: *Oleksandr Dukhnovych, Rusyn language, cultural and educational activities, social and political life of Transcarpathia*

INTRODUCTION

In the XX century Transcarpathia was called "Africa in the heart of Europe," or "God forsaken land". However in the XVIII-XIX centuries great thinkers of Europe among which are P. Lodii (1764-1829), I. Orlai (1770-1829), M. Baludyanskyi (1769-1847), M. Luchkai (1789-1843), J. Hutsa-Venelin (1802-1839), V. Dovhovich (1783-1849) worked and lived in Transcarpathia. A special place in this cohort belongs to Oleksander Dukhnovych as well.

The article pays attention that every nation has figures that have played a great role in developing their history and cultural life, and Oleksandr Dukhnovych is exactly that person for Transcarpathia. Which enormous social and political winds were sweeping over our land! How many regimes had been trying to destroy the mentally fixed specific world view of the Transcarpatian "mountaineer" formed by centuries? But the figure of O. Dukhnovych has not lost his significance and has become the cornerstone of our spiritual life. Many well-known figures of Transcarpatian culture, coming

from folk depths, replenished cultural wellness and were using only genuine language as the language of heart. Writer, poet, novelist and playwright, journalist and publicist, educator, scientist, pedagogue, historian, linguist, ethnologist, philosopher and publisher, priest – O. Dukhnovych inscribed his name not only in the cultural history of Transcarpathia and Ukraine, but also in the history of European and world culture: UNESCO declared 2003 the Year of O. Dukhnovych.

MATERIALS AND METHODS

O. Dukhnovych and his creative heritage is the subject of research by many Ukrainian, Slovak and Czech scholars (V. Mykytas, M. Rychalka, Ju. Bacha, A. Mashtaler, F. Naumenko, O. Rudlovchak, D. Danyliuk and others). Despite the significant number of publications about O. Dukhnovych (near two thousand), his creative heritage is still insufficiently studied; it requires a deeper, truthful and wider comprehension in modern times.

RESULTS

The epoch, when O. Dukhnovych lived and created, should be considered in the context of his activity, as far as it was inexorably cruel. Transcarpathia was included in the foreign state systems and ideology due to the geopolitical position. Political publicities from Marx to Masaryk called such nations "unhistorical", as they were deprived of their own state. Hungarian Rus (or Transcarpathia called now), as well as Presov Rus, where the enlightener was born, actually became colonies of Austria-Hungary. Being a part of a foreign state, the population of Transcarpathia stood considerable political pressure from the ruling government of that time. The scholar Ju. Bacha correctly remarked: "Hungarians did not admit the existence of other nations in Hungary except Hungarian one, who disputed any solicitation of so-called non-minorities" [1, p. 10].

Complicated was situation of Ukrainian pedagogy and education as well. Hungarian authorities took the offensive against everything Ukrainian. First of all, they tried to supplant from the life of Ukrainian Transcarpathian those powerful factors of national education of youth, as their mother tongue and the schooling. The institutions of schools for Carpathian-Ukrainian children had been catastrophically diminishing during the second half of the XIX century.

The most precise ethnical policy concerning Ukrainian people, which also influenced on Transcarpathia, was held by the Russian Empire. This policy was built on the main postulates of Russian imperialism that was a takeover of the so-called "South-West Rus", in other words Ukraine.

That was the main reason, why Russia manifested particular foreign political activity, fulfilling spiritual and cultural interpretative expansion on

the Ukrainian lands belonging to the Austrian Empire in the XIX century. Russia had achieved significant progress regarding creation and support of Russian pro-social movement of Moskwophiles and Orthodox communities. This movement significantly slowed processes of Ukrainian national revival in Western Ukraine in general and Transcarpathia in particular. In such a way, the Russian Empire directed the development of social processes in Ukraine for its purposes. This influence did not pass over Transcarpathia, either its cultural and intellectual elite, especially clergy who formed the major part of it.

Oleksandr Dukhnovych was born on the 6th of August 1803 in Topola village, (now district Snytna, Eastern Slovakia) in the family of a priest. He was studying in the Hungarian school in Uzhhorod (1816 to 1821). Later O. Dukhnovych studied philosophy at an academy in Kosice (1821-1823), and theology at the Theological Seminary in Uzhhorod (1824-1827). After ordination, he could not find a permanent job for a long time. Only in 1838, Vasyl Popovych, bishop of Mukachevo Eparchy, appointed him diocesan consistorial notary in Uzhhorod. In this post O. Dukhnovych worked until 1844, later moved to Presov and worked as priest-canon. It was the place where his research and creative work began, work which led him in a number of well-known scientists, cultural and educational figures.

O. Dukhnovych gained thorough knowledge of various sciences and having an inclination for creative work, he diligently prepared himself for future life. O. Dukhnovych didn't support the revolution in Hungary in 1848-1849, although, it was a progressive phenomenon for Hungary and for Europe. But the revolution and its leader, Layosh Koshut did not recognize rights of other peoples on the territory of Hungary, except the Hungarian ones. From this revolution O. Dukhnovych suffered personally. He was arrested and extremely brutally transported under guard to the inquest place from Presov to Kosice. After that, the offense remained for the whole of his life. Moreover, the writer until his death was under constant supervision of the Hungarian "secret police". In the last years of O. Dukhnovych's life, according to the well-known researcher O. Rudlovchak, his narrow-mindedness an inconsistency in the matters of linguistic orientation was shown in most expressive way. The writer completely began to deny "achievements and right for existence of the Ukrainian language and literature as sovereign phenomena" [2, p. 153]. Standing on positions of Russophilism, O. Dukhnovych considered in the Ukrainian literary language tendency of separation from the Russian community and culture and even the separatist perfidy. Under the influence of such ideas, he demonstrated protest against linguistic orientation. As the scholar O. Rudlovchak marked, that the unity with Russian people, was a «matter of life and death» for him [3, p. 102]. O. Dukhnovych naively believed that Russia would help Transcarpathian people to "escape from

bondage", would "liberate" them and "protect". Figuratively speaking, the writer was completely filled with contradictions. That was not caused by the peculiarities of his character, but probably by the influence of external factors and some others, which greatly affected the formation of his creative personality. The last months of 1864, and a few of the next year, O. Dukhnovych was seriously ill. He died and was buried in Presov, on the 30th of March 1865.

Creative work of O. Dukhnovych was so many-sided, that we can affirm about his influence on the whole social and political life in Transcarpathia in the XIX century and the next period. Excluding the creative work of the writer it is impossible to speak about the spiritual revival of Transcarpathian branch of the Ukrainian people. O. Dukhnovych left a significant creative heritage like poetry, prose, dramatic and pedagogical works, church books and sermons, religious and patriotic odes.

In the creative work of O. Dukhnovych many fruitful thoughts concerning the problems of the sense of human existence are found. In particular, those are problems of good and evil, the virtue and fairness, conscience and happiness, etc. The philosopher solved those problems mainly in the spirit of democracy that could be explained by his love for common people and consistent with his life view combining Christian and common mankind moral principles.

The particular attention is paid to O. Dukhnovych's opinion about the righteous man as an example of moral principles. According to it, it is necessary to endeavor to bring up pious, respectful and honest national leaders, because only they are able to ensure decent human life. If outrage occurs in the state, the reason is in the lack of wisdom and knowledge of those who govern the state. The state must be governed by people: wise, highly educated, with the talent of philosophers and analysts. That's why O. Dukhnovych preached the moral improvement of political figures as means of ensuring peace and common prosperity.

The vocation of a person, as O. Dukhnovych believed, was in activities, but not in any, that was used to create something good. The sole object of human life, as the thinker stated, was happiness. Happiness in terms of O. Dukhnovych was freedom from suffering and emotional rigidity that belonged only to those people with a clear conscience. There are many reasons, why O. Dukhnovych is attributed to the European intellectuals' cohort. He wrote many wise and winged words which characterize his point of view: "Who lives only for himself, will die in loneliness. Who lives for mankind will be alive after death, but who lives neither for himself, nor for others is during his life dead" or such as "Love your nation, not because of its fame, but because you are a member of it. Who is ashamed of his nation is ashamed of himself" [4, p. 183], and many others.

Researchers have unanimous opinion on the fact that O. Dukhnovych made an inestimable contribution to the field of pedagogy. He is one of the first professional scientists and pedagogues in Ukraine, according to his diversity of educational and pedagogical activity, a depth of scientific substantiation of pedagogical ideas. His pedagogy is not a mechanical sum of separately expressed, not related to each other pedagogical ideas and thoughts. It is an undivided pedagogic concept including a number of logically interconnected original pedagogical and methodical principles.

The great merit of the scholar was writing textbooks for public schools. In 1847, he created the first primer in Transcarpathia "Knyzhytsia chytalnaia dlia nachynaiushchykh" (Reader for Beginners). In 1851 he wrote a textbook on geography "Kratkii Zemlepis dlia molodykh Rusynov" (Short land notes for Rythenians), also he wrote "Sokrashchennaiiu hrammatyka pysmennoho russkoho yazyka" (Shortened grammar book of the written Ruski language) in 1853. 1857 became a landmark year for native pedagogy, when Dukhnovych published the first textbook of pedagogy on Ukrainian territory "Narodnaia pedahohyia v polzu uchylyshch y uchytelei selskykh" (National pedagogy for purposes of vocational schools and village teachers). This book is the first systematic exposition of well-organized system of pedagogical views which are based on the centuries-old spiritual experience of the Ukrainian people and on the tradition of ethno pedagogy.

O. Dukhnovych believed a teacher to be the person, who is called to build up the patriotic character of his nation and land. He names teachers the enlighteners of the nation, its salt. Through the important activity of the teacher, his personal example (the evil should be destroyed and charity) is prosper. Didactics of O. Dukhnovych is deep, diverse and original. He demanded to build teaching process on the base of taking into consideration ethnic, age, sex and psychological peculiarities of children. He accentuated on the significance of revision in learning process, explained the didactic principles of consciousness, use of visual methods, consistency and the strength of knowledge mastering.

DISCUSSION AND CONCLUSIONS

The scholars mark justly that the figure of O. Dukhnovych is complicated and ambiguous. As a result, this extraordinary personality is still being in dispute. On the one hand, O. Dukhnovych was highly honored and called a "prophet", "second Moses" and so on. But on the other he was considered to be "no one", his works were called "not worth paper", "not literature". Ju. Bacha, one of the most thoughtful researchers of Dykhnovych's creative heritage, remarks "regardless of the recognition of great positive significance of life and work of Oleksandr Dukhnovych, to preserve the very existence of Carpathian-Ukrainian population and development of cultural and national

life, they also refer to him in order to hide their activities against Ukrainian, and native people by using his name and his popularity among them. They do not respect his original views, and attribute their (not)understanding of his concepts to him, as far as they need to justify their current and short-term antinational policy programs" [5, p. 11].

In conclusion, we note that the most valuable creative work of O. Dukhnovych is his knowledge of humanity, ethnology, humanistic views on man, the fate of the native people, their inalienable natural rights and the need to protect the individual from humiliation. At the heart of the whole educational work of the enlightener was the idea of awakening consciousness of the people, the unity of Transcarpathian Ruthenians with the Ukrainian people, and the confidence in the fact that "Karpaty will never separate us".

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PART II: ACTUAL ISSUES OF MACRO- AND MICROECONOMICS

ETHICAL ISSUES OF SOCIAL BENEFITS EVALUATION

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Abstract: *Every investor seeks to identify the expected financial results of investments and economic, social, environmental impact of investment project. Every investor seeks to know economic efficiency of investment project before investment starts. For these reasons, each investment project should be evaluated in order to choose the most efficient investment option. Public investment projects generate social benefits. Public investment projects are directed on public needs satisfaction. And the main question is how to evaluate non material things like saved human lives, health, improved living conditions and other? The common methods for financial and economic benefits evaluation methods are unused before ethical problems of social benefits evaluation are not solved.*

Keywords: *science ethics, financial ethics, social benefits, public investment project*

INTRODUCTION

Investments for ensuring public social welfare are dedicated to create sport, public catering, entertainment bases, to improve retirement insurance, medical care, health care, to ensure safety of society members, to develop care and education system of juvenile children, etc. In order to rationally plan the investments to public sphere and ground them, public investments projects are being made. Public investment projects are mostly funded by the funds from the public sector (funds of state, municipalities, and various non-private funds).

Public investment projects are long-term, and often long and indefinite term projects. Duration of public investment projects varies from 5 till 100 years and even more. Social benefits are received after a really long period.

One example of such project could be planting a forest. Fundamental feature of public investment projects is that their goal is not to gain a financial result, but instead to satisfy public needs (social, cultural, ecological, recreational and esthetic). The costs of such projects are not difficult to calculate but in

most cases the benefits are hard to evaluate (Aleknevičienė, 2009). Scientists in different countries try to create the methodology, which would allow to evaluate public investment project and to accept appropriate investment decision. Scientists raise the question: how to measure social benefits of public projects and what indicators have to be used to evaluate them? Another important problem is the monetary measurement of social benefits: how to quantify non-market goods, such as human life, environmental impact on human health, etc. (Nyborg, 2000; Hansjügen, 2004; Almansa, Calatrava, 2007; Hepburn, Koundouri, 2007; Sáez, Requena, 2007; Greenberg, Robins, 2008; Nooij, 2011; Firini et al, 2012; Parks, Godway, 2013) Scientific problem can be formulated: how to quantify and evaluate social benefits provided by public projects for the public?

The *main goal of this research* is to highlight the ethical issues of social benefits evaluation.

MATERIALS AND METHODS

Theoretical approach of research is based on literature analysis of previously researches on topics about social benefits and public investment projects evaluation, financial ethics and science ethics. During the research the following methods were used: analysis, synthesis, computer graphics, systemic and comparison of different scientific approaches.

RESULTS

The investment could be public, private and mixed (public-private partnership (PPP)). The main goals of public, private and PPP investment projects are different and these differences must be reflected in projects evaluation process. Private investment seeks net revenue, profit or company value. Public investment projects are directed in creating social benefits for society, environmental sustainability and economic cost savings. PPP projects goals are combined. The main problem is how to evaluate the benefits created by public investment projects? It is often hard to precisely calculate the benefits of public investment projects because it is difficult to name it, and it is even more difficult to express it in monetary value, in such case the outer outcomes of the project must be expressed in other quantitative or qualitative measuring units. Social benefits reveal itself through consequences to human health and environment. How can we evaluate such factors as human health, life or death? How much are they worth? And, most importantly, is it ethical to make such evaluations?

The cost-benefit analysis method is usually used for valuation the public projects: investment and operating costs of the activity is evaluated as well as the benefits created by the public project, which may be expressed in monetary measures during the life-time period of the project. Theoretical

principles of cost-benefit analysis were detailed by Boardman et al (2006), Pearce (2006), Guide to Cost-Benefit Analysis of Investment Projects (2008), Rosen, Gayer (2008); Baranauskiene, Alekneviene (2013) and other authors.

Cost-benefit analysis is usually used for valuation of public projects in order to choose the best investment option, but it is criticized for two main features: 1) theoretical value substantiation: if the priorities are not correctly chosen, the main values as ecology, durability, fair allocation, social welfare are not always indicated; 2) problematic assessment of social benefits. Due to this reason a question is raised: can the right decision be made using the method of cost-benefit analysis (Alekneviene, Baranauskiene, 2013)?

Some scientists criticize expressing social benefits in monetary value and skeptically evaluate the possibility of comparing different things: circumstances impacting human health and human lives should not be weighed against economical interests. This critic is directed not to informational aspects of such evaluation (social consequences cannot be compared) but rather to aspects of normative comparisons (social consequences should not be compared). Hence the rejection of monetary comparison principle is based on ethical and moral reasons (Hansjungen, 2004).

Given contra-arguments are as following: appropriate monetary evaluation of social impact is an important thing used to compare investment projects and only comparison value is given for the monetary unit while rejecting the provision that money is all that matters. But the problem is that in most cases market values for social consequences do not exist. I agree with the scientists, who claim that while evaluating public investment projects monetary unit is important not for the evaluation itself but rather for comparison and it is important to evaluate the social benefits using one measuring unit in order some investment projects could be compared and proper investment decision could be made. Evaluation of social benefits does not confront the ethics even if we talk about humans lives or deaths as it is not associated with a particular person, but the monetary measuring unit cannot be used here, instead, one should find other indicators expressed in quantitative or qualitative units, that reflect the reduction of poverty, improvement of ecological situation, living and working environment, etc.

The time aspect is also particularly important because, even if we are aware of future expenses and benefits, the decisions must be made today. The calculation of present value is important. Future expenses and values should be recalculated to present values. Not less important is an ethical issue appearing due to long-term period of public investment projects, namely, the problem of generations: one generation experiences investment costs while other generation receives social benefits of the project. Is it ethical to make the decisions for future generations and also to accept liabilities in the name of them? Often social (public) projects not only create

social benefits to the society but also create additional costs which undoubtedly should be named although they depreciate the main goals of public investment projects. For example, planting a forest on workable land not only create such social benefits as recreation, landscape, biological, historical, cultural and ecological benefits, but also the harvest is lost which could be easily evaluated. What ethical decision today's generation should be made to diminish its interests and to reduce its consumption for the sake of future generations? Or even maybe to accept financial liabilities while expecting for significant social benefits in the future? Are these decisions ethical from the future generation's point of view?

What investment decisions should be made if investment costs are attributed to one generation while the project benefits are received by other generation? Glazer, Kannianen, and Niskanen (2002) have raised a question: shouldn't the future generation commit to the generation that funds these investments? Isn't it selfish? These authors derive the parallel of formalizing public investment project and parent's heritage in the last will; they use a family example where parents leave the testament for their children with which they equip their children's future but also impact their actions motivating and expecting children's concern in the future for this. The difference is that private investments to child's future are ensured by the last will but it is not quite clear who will be the one to receive public project benefits after a long term. Moreover, the child is interested in fostering and increasing the heritage which he or she will receive but there are no specific guarantees regarding the expected benefits of public project in the future. Mentioned authors note that public projects lack control and future benefits are not ensured. Investment projects dedicated for public infrastructure are more clear and ensuring. Investments to the future reduce current consumption, i.e. the consumption of current generations, and there is no clarity regarding the created benefits for future generations. In Glazer's, Kannianen's and Niskanen's (2002) opinion, due of this people tend to choose private investments instead of public projects (Glazer, Kannianen, Niskanen, 2002).

It is not simple to make investment decision which consequences will impact the lives of future generations. In order to solve this problem, a model for public investment projects' evaluation will be created. Decisions impacting future generations must be made very responsibly and thoroughly while evaluating expected social benefits, arising additional costs and other liabilities. Projects that create social value and social welfare are often implemented through a long time period. Future plans are undoubtedly related with risk for which evaluation reliable methods are created. Despite of that, after evaluating all the possible threats, expected benefits and risks investment projects should be implemented for the welfare of future generations. Another important argument is that the project must not damage

harmonized development, i.e. economical, social and environmental aspects must be coordinated and due to successful development of one factor others should not suffer. Ensuring harmonized development is one of the most important goals of public investment projects.

DISCUSSION AND CONCLUSIONS

In conclusion it can be stated that while evaluating public investment projects we face ethical issues. Firstly, public investment projects are long-term projects and in most cases current generation pays the biggest part of costs while future generations will gain the biggest part of the benefits. How can we compare present and future values? Secondly, there is an important relation between environmental safety and economical welfare. The funds which are invested to environmental safety can be invested in other valuable and productive areas; environmental problems can impact the cost of economical growth. Thirdly, the society experiences the costs of environmental safety earlier than it gains the benefits, due to this reason total discounting has a bigger impact for the calculation of benefits' NPV (Net Present Value) comparing to the calculation of costs NPV. And, fourthly, public investment projects are dedicated to society's welfare, human health and improved lives of future generations. How can we evaluate the human's life, i.e. how much the "statistical death" is worth for the society?

At the moment nobody can answer all these questions. The scientists are directed to create a methodology for evaluation of social benefits and public investment projects, which would be based not only on financial and economic aspects, but would also include ethical aspects.

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ENERGY POLICY OF UKRAINE AS A FACTOR OF REGIONAL COOPERATION IN EUROPEAN UNION

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Abstract: *The aim of article is to study the importance of national energy security in the context of globalization. The author mentions the influence of energy supplies on the development of the country. The study includes the comparative analyzes of the changes in energy sectors of Visegrad countries and Ukraine due to the Ukraine-Russia crisis. The author focuses on three main points of national security in Ukraine in long-term perspective.*

Keywords: *energy policy, energy resources, energy security, Visegrad states, EU security, globalization, regional cooperation*

INTRODUCTION

Under globalization, energy policy and especially energy security are very important for all countries in the world. These issue influence countries that depend on energy supplies. Exactly for Ukraine, the problems of energy security became a current challenge to work out national energy policy of self-sufficiency and to diversify the energy supplier.

The Ukraine – Russia crisis influence the countries involved in the conflict and the EU countries. This fact is shown in the Visegrad states development. Despite the differences in Ukraine's and Poland's, Hungary's, Slovakia's and Czech Republic's (V4) energy portfolio, there is a number of challenges the countries share in the context of energy supplies. The Ukraine – Russia war made the countries' weaknesses and cost general problems with energy security. As Ukraine, the V4's countries depend on energy supplies from one source and lack of integrated energy market [4]. Therefore, we have to study two main problems: 1) political and economic stability as well as energy security of Ukraine are a crucial issue for security of the EU countries (especially, V4's). And now these countries should pursue policy based on two pillars: a) development of common EU initiatives and b) implementation of regional scope projects; 2) nowadays energy policy is one of the important components of Ukraine's state policy. Ukraine should create the basic elements of the energy management system; determine the basic partners and projects in energy sector as well as the scheme of their interaction. The main task is to pursue energy policy based on global energy changes and the energy policy of Visegrad states.

MATERIALS AND METHODS

The patterns of energy policies, systems and security have been studied by researchers from all over the world such as Bob Dudley, Spencer Dale, Andriy Darvil. For further in-depth analysis of the problem we used reports of British Petroleum, U.S. Energy Information Administration, International Energy Agency and the Organization of the Petroleum Exporting Countries. Also we can point out Ukrainian researchers, who discovered these problems, such as A. Golikov, O. Dovgal, Z. Varnaliy, V. Lipkan et al.

Methodological ground of our research is based on a systemic analysis using the comparative method and statistical methods.

RESULTS

In current world affairs, energy belongs one of the key factors of economic growth, especially in the context of continuous exhaustion of limited resources. It is gaining a status of strategic feature. Most of the EU countries perceive the energy sector as one of the priorities and cornerstones of own economic activities. Hence, it is natural that countries do not want to find them in the situation of potentially threatening own energy security, which in general is understood as "reliable supply of energy, securing access to energy resources and fuel in the required quantity and quality at reasonable prices". European experts so far in the definition of energy security emphasize "security of supply" [2]. Security of supply is particularly important for the EU, as it finds itself in the position of extremely high import dependence.

European energy security has risen to the forefront of the European Commission's agenda in recent years, triggered by the 2009 winter gas supply crisis and, most recently, Gazprom's 2015 announcement of its intention to cease all gas transit through Ukraine. The deterioration in Russian-Ukrainian relations has given additional impetus to policymakers in Brussels and vulnerable Member States of the EU alike to take more aggressive action in improving Europe's energy resiliency by way of market integration. The Russian-Ukrainian conflict has triggered many changes in the European energy policy and the system of energy security. Russia's annexation of Crimea and occupation of parts of Donetsk and Lugansk territories in 2014, also nationalization of the elements of Ukraine's energy industry have confirmed the worst fears of extreme dependence on Russian energy resources. The gas supplies are the weakest link in the EU-Russian energy relations. Generally, Russia covers over 30% of the EU's gas import balance. However, the countries of Visegrad region (as Ukraine) have high import dependence on Russian gas with dependency rates of 55 to 90% [3].

The gas stress-test in 2014 discovered disturbing vulnerability of many European countries. According to the results of the V4's test would be the most vulnerable countries in a crisis. It was imitated two scenarios: first, a

complete stop of Russian gas imports to the EU; second, an interruption of Russian gas imports along the EU-transit through Ukraine. All scenarios demonstrate that the V4's efforts would be limited to national markets. In this case, it is very important to strengthen the regional cooperation [4].

The common objective for Czech Republic, Slovakia, Hungary and Poland is to overcome the regional infrastructure problems and look for alternatives, first of all, non-Russian sources. The desire of the V4's to reduce Russian gas makes Gazprom feels threatened by the V4's integration and diversification the sources of gas supply. As a result, Russia tries to increase efforts to ensure demand for the gas in the region. Thus, Russian actions may classify from beneficial motivation to the traditional "intimidation strategy": gas discount for some countries, temporary decrease in the volume of gas export to Poland in 2014, threat of stopping the gas flow through Ukraine since 2019, construction the Nord Stream 2 and others. It means a well-functioning regional market would be created on the Eastern border of Europe to 2019. Secondly, it should be built and improved the regional infrastructure in order to enhance regional gas market. Finally, the Visegrad and Ukrainian authorities and experts should develop a crisis management plan in case if Russia stops transit through Ukraine. Due to geographical proximity, integrity, stability and energy security, Ukraine is a basic element of the crucial energy security of the V4's [4]. We should analyze the energy mixes of consumption to make previous conclusions, how to cooperate the efforts on energy policy of V4 and Ukraine (*Figures 1-5*).

The energy mixes of the V4 countries significantly different from each other. While the coal is very important for Poland and Czech Republic, this fuel is insignificantly present at the energy mixes of Hungary and Slovakia. In the meantime, we can see a discord with nuclear energy in the Visegrad region. The nuclear energy is extremely important for Hungary, Czech Republic and Slovakia, while Poland is going to build nuclear plant in the future. Renewable energy occupies a relatively low share in the energy portfolio of all four countries.

Finally, the natural gas is a key element in the energy mix of Hungary, Slovakia and less important in Poland and Czech Republic. Nevertheless, all the V4's have high dependence on natural gas imports from Russia and naturally through a single route. As a result, they have limited options to use the alternative sources in case of disruption or reduction of gas supply from Russia. That's why cross-border gas cooperation is a vital interest for V4's and very important to develop cooperation on the governmental level [3].

Situation in Ukraine is similar, because over half of the natural gas supply in Ukraine depends on import and most of that is from Russia. Uncertainty of the anthracite, coal supply is caused by the conflict in the eastern regions of Ukraine.

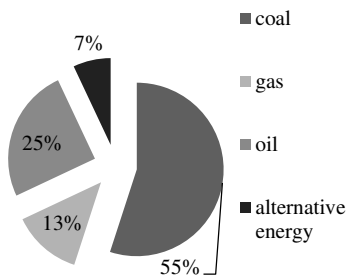


Figure 1: Poland consumption energy mix, 2015 [3]

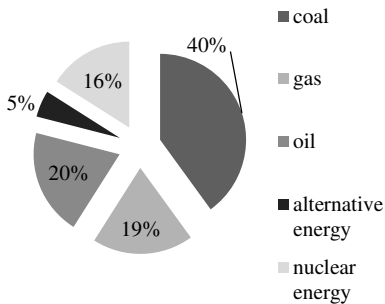


Figure 2: Czech Republic consumption energy mix, 2015 [3]

Source: created by author on the base [3]

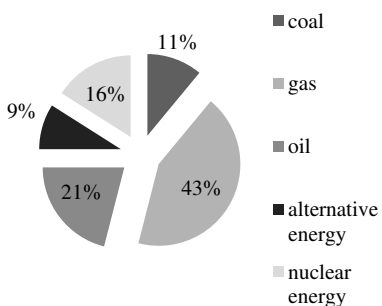


Figure 3: Hungary consumption energy mix, 2015 [3]

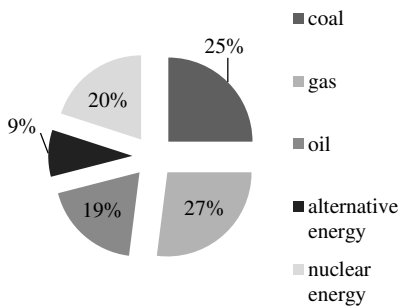


Figure 4: Slovakia consumption energy mix, 2015 [3]

Source: created by author on the base [3]

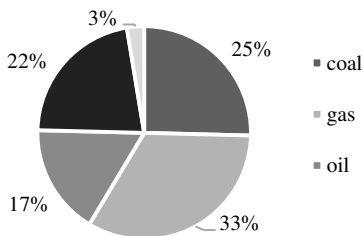


Figure 5: Ukraine consumption energy mix, 2015 [3]

Source: created by author on the base [3]

The anthracite coal is produced mostly in the eastern regions and supply of them to the western regions is decreasing. As a result, many of the power generation and electricity supply in the western regions are threatened. Although stabilization of the political relations with Russia and the autonomies in the eastern regions is essential to improve the situation, at present it is uncertain, when and how the conflict can be solved. That's why it is difficult to prospect stabilization of anthracite coal production and power supply in the eastern regions. Because of the above, reorganization of the supply structure of the natural gas and coal has become an urgent need over the short and medium term [1].

Given the geopolitical and regional challenges to energy security and stability in Ukraine, it is important to create a value through coordinated energy policy and diplomacy. But firstly, we should mention the main internal aims of long-term energy policy of Ukraine.

1. *Energy security*: Increase in self-sufficiency is a first priority issue. From this point, it is important to control first the growth in demand by improvement of energy efficiency. In parallel, it is important to improve self-sufficiency by promoting expansion of production of indigenous fossil fuels and maintaining the utilization of nuclear power generation. Although the renewable energy contributes to increase self-sufficiency, it is necessary to consider economic efficiency, i.e. costs to other energy sources [5].

2. *Economic efficiency*: It is desirable to supply energy as cheap as possible, since increase in energy cost affects people's life and industrial competitiveness. Although production increase of the fossil fuel at the domestic sites was recommended from the viewpoint of "energy security", this recommendation assumes in principle the case only, when the domestic production cost is lower compared with the cost of import fuels. If the import cost is lower than the domestic production cost, it is suggested to reduce domestic production and instead to expand import of fossil fuel step by step. However, based on the current situations of insufficient foreign currency reserves, put a priority on domestic production for the present time shall be studied also in consideration of supply security and job creation [1].

3. *Environment*: Control of the environmental load is a demand of the society and shall continue to be responded to. From this standpoint, it is required to increase energy efficiency and to increase utilization of low carbon energy, such as the nuclear energy and the renewable energy. From the standpoint of an energy security and economic efficiency, however, coal cannot do anything, but to have continuously important role in electric power generation. In order to control the environmental load of the coal-fired power, it is desirable to offset the CO-emission with a combination of adopting higher efficiency technology for coal-fired power generation and utilization of the nuclear power generation [1].

CONCLUSIONS

To summarize abovementioned researches, nowadays we understand that the instability of Ukraine's energy security has triggered many challenges in the energy policy across the European Union. EU energy policy (till 2020) is defined and provided new ways of coordination. Thus, Ukraine should be the strong actor in the process to create well-coordinated energy policy. Finally, we want to mention three issues, where Ukraine shall immediately take measures against [1]:

- 1) Inefficient energy use due to deteriorated energy infrastructure and energy rate structure lower than energy production cost;
- 2) Excessive dependence on Russia for the natural gas supply;
- 3) Uncertainty of the anthracite coal supply.

Making the opportunity into a bright future depends on Ukraine's own actions ahead.

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IT-TRANSFORMATIONS IN UKRAINE UNDER CRISIS

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Abstract: *The article defines the main strategic course and stages of the Ukrainian IT-industry development since the beginning of the century. Author has discovered that IT-business of Ukraine is competitive and it could be one of the most important spheres of the national economic development. Also the main risks are highlighted: political and legal (political instability and armed conflict in Donbas, imperfection of Ukrainian legislation, lack of real governmental support, unprotected intellectual property); economic and technical (taxation problems, national currency devaluation, lack of background for product companies developing, insufficient development of domestic market, backlog of modern technologies implementation at the national level) and labor (demand and supply imbalance on the labor market, inadequate vocational training).*

Keywords: *crisis management, IT-market, outsourcing, IT labor market.*

INTRODUCTION

One of the key elements of a strategy to improve the competitiveness of the Ukrainian economy should be consistent management systems transformation of domestic enterprises in order to ensure innovation, investment, scientific and technological advantages. National industry of information technology (IT) is the flagship of such transformations. The implementation of new management practices gains greatest actuality in crisis times. It should be noted that overcoming the crises, which may arise at any stage of the company's life cycle, requires both rapid and professional management reaction. First of all, it concerns the IT-sphere, where, in accordance with the prevailing opinion, the crisis is a permanent component of the IT-processes management.

MATERIALS AND METHODS

The methodological basis of our research is a dialectical method of cognition; main points of economic theory with the issues consideration in historical and economic aspects. A set of cognition methods and special methods of economic research have been used in the process of our research, such as: method of comparative analysis, the abstract and logic method, graphics, monographic and other generally accepted statistical

methods. Periodic publications and Internet-publications, materials of analytical agencies and researches of Informational Portal "Developers of Ukraine" (DOU) were used as the main informational sources.

RESULTS

The basic characteristic of IT-sphere in Ukraine is it's undemanding to the infrastructure. The only required elements are electricity and communications; they do not require import. This sector annually creates new jobs (with high level of remuneration, according to Ukrainian standards); it is profitable for the state. IT-sphere has the third place after the agricultural sector and metallurgy, being competitive in export as well as the chemical industry [1].

The World Bank first has included industry of information and communication technologies of Ukraine in the export statistics of services in the ICT-field only after the dotcom crash in 2000. Three years later, the first study on the state of Ukrainian IT industry was conducted; and the professional IT association has been created. In 2003, the main part of Ukrainian IT-companies, including seven leading companies of IT market, such as Eleks, Miratech, Softline, SoftServe, Telesens, Tessart and UkrSoft, have been controlled by national capital. During this period the development centers of international companies have been absent. However, Ukrainian companies were able to demonstrate their competitiveness and gain the trust of major international corporate clients. Building the trust was occurred with the changes in approaches to the company's management, i.e. implementation of processes in accordance with ISO and industry standards, such as Software CMMI; the financial audit at the reputable international auditors; development and implementation of the continuous activity plans.

Foreign investors have begun to come actively to Ukraine in 2006-2007 – the investment boom period. Beforehand, they were interested in the IT-business. It followed such a scheme: the investor becomes the owner of one or several small or medium-sized companies, using them in the future as a platform for the formation of large development centers in Ukraine. According to statistics from the World Bank, the volume of Ukrainian export of ICT services in 2007 grew to 504 million US dollars by attracting investment. There are several reasons for the increased interest of investors to the Ukrainian programmers. First of all, it is highly qualified staff – the most important resource of this industry.

Ukrainian IT-sector again has attracted attention during the acute phase of the global financial crisis in 2008. With the reduction in world exports of ICT (16% in Italy, 11%in the UK, 7% in India, 5% in Japan & Germany), Ukraine has demonstrated stable performance. According to the World Bank, in 2009 the pace of ICT export growth was 30% in Ukraine [2].

In 2008, Gartner analysts have put Ukraine at the one of the Top-30 countries for IT outsourcing; they included Ukraine in the Top-3 most economically attractive countries. Moreover, two of Ukrainian companies and five companies with largest development centers in Ukraine have been included into the rating of Top-10 ITO Offshore: Eastern / Central Europe 2008 agency The Black Book of Outsourcing. In general, Ukraine was represented by seven of the ten ICT market leaders in Central and Eastern Europe [2]. In 2011, there was a new milestone in the development of Ukrainian IT-industry that has allowed receiving the title of ITO Destination of the Year 2011 by Outsourcing Center – founder of Outsourcing Excellence Awards [3]. In 2012, the Law "On the state support of the software industry development" was adopted in Ukraine.

Most of the Ukrainian IT-companies are outsourcing companies. At the beginning of 2016 in the ranking of "Global Services Location Index" that ranks countries according to the level of attractiveness of doing outsourcing business, Ukraine occupies 24th position, climbing 17 points up [4]. However, such rapid advancement rating may be due to the devaluation of the national currency.

At the beginning of 2015 the International Association of Outsourcing Professionals IAOP has published ranking of the best outsourcing companies "The 2015 Global Outsourcing 100", which combined the 75 companies of the market leaders and 25 "rising stars". This list included 7 companies working in Ukraine. Luxoft, SoftServe and EPAM (18, 26 and 51 positions respectively) were marked in the category of "Leader". TEAM International Services, Intetics, Miratech and Softengi were marked in the category of "rising stars" (2, 3, 4 and 5 positions respectively) [5].

At the end of 2014 only EPAM Systems left Top-100 the best companies. However, in 2015 according to the results of expert surveys IAOP, company came back in the rankings. In Ukraine, EPAM is the leader in outsourcing market. According to Dou.ua survey, a number of its employees are 4.400 people; 800 of them were recruited during the year. EPAM is not only the most dynamic player in the local market. According to Forbes, it is the only Ukrainian IT-company, included in the list of the largest companies in the country [6]. Foreign companies in the Ukraine also have a large software development centers. In particular, Luxoft Company is owner of several offices in three cities of the country, hiring 3.700 employees. Ciklum Company with 2.300 employees has offices in six cities [6].

After a brief recession in 2014, Ukrainian IT-sector showed record growth, surpassing the performance of transactions on the activity in 2015. The country's investment market in 2015 reached 132 million US dollars (open transactions), representing 240% growth compared to 2014. Considering the undisclosed transaction, the market is estimated at 172 million US

dollars. A contrary pessimistic forecast, the Ukrainian high-tech sector didn't lose attractiveness for foreign investors. The share of foreign investment here amounted to 40% in 2015.

IT labor market in Ukraine is characterized by the following major trends in 2015 [6]: the number of programmers in Ukraine has increased up to 90.000 people; 16% of professionals work in five large companies; 86% of the labor market seats on the Top-5 cities, including about half to Kiev; outsourcing is a leading area of IT-business in Ukraine; wages in this sector are stable; a number of applicants grows faster than vacancies; increase the number of IT-schools, courses and trainings; 5% of programmers annually leave Ukraine. According to the experts of IT-companies and IT-associations, the annual export in 2015 amounted to 2.5 billion US dollars [1]. However, in general, for both global and national IT-services market 2015 was not the most favorable [8]. We think that a number of risks arising from the activities of IT-companies in 2014, due to the geopolitical conflict, the annexation of the Crimea by the Russian Federation and the beginning of the military conflict in Donbas.

Results of the analysis of the internal IT-market of Ukraine allow identifying risk-factors for the development of IT-business, which should be taken by managers working in the national market.

Political and legal factors are: 1) political instability and military conflict in Donbas; 2) inadequate national legislation; 3) vulnerability of copyright and property rights; 4) lack of real support from the state; 5) wrongful activities of enforcement agencies concerning to IT-companies and legal risks.

Technical and economic factors are: 1) taxation problems; 2) devaluation of the national currency; 3) lack of preconditions for the development of food companies and Start-ups; 4) insufficient development of the internal market; 5) lag in the implementation of new technologies at the national level.

Human factors are: 1) imbalance of supply and demand in the labor market; 2) insufficient level of educational attainment.

It should be noted that the successful development of Ukrainian IT-sphere primarily due to the establishment of transparent and stable business-rules and guarantee its security; development of the internal market; providing quality training of professional personnel for the IT-sphere; formation of positive IT-image of Ukraine; adequate and transparent functioning of the fiscal system.

CONCLUSIONS

Considering the perspectives of Ukrainian market development in 2016, it is difficult to make definite predictions. At the beginning of the year experts' evaluations were quite cautious. But in general, due to the implementation of delayed projects, evaluations are optimistic. At the

moment, market players have adapted to the difficult period and began to form crisis IT-budgets apart from the usual that is the confirmation of the need to implement effective crisis-management technologies in IT-industry.

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TREASURY BILLS AND REAL ESTATE MARKETS DURING THE MONETARY EXPANSION CONDITIONS (BASED ON THE EXAMPLE OF GEORGIA)

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Abstract: *This article discusses on the example of Georgia the influence of monetary impulses towards the treasury bills and real estate market. For this purpose, under the vector autoregressive model has been carried out the reaction functions' study on the impulse. During the study process two types of models have been used. The reason for separation of models was lack of the observations in key variables. The survey/study results showed that money supply shock on government securities interest rates has no significant effect and we can talk about its importance only in the short term, therefore during the medium and long terms the effect of the money volume shock is limited. The survey also shows that the money supply stock's impact on the real estate price index is important. The above-mentioned fully responds to the idea of economic theory of money supply stimulation on the economy in the short term, and the real estate market is no exception also.*

Keywords: *treasury bills, real estate market, money supply, monetary expansion conditions, autoregressive model, stimulation on economy*

INTRODUCTION

It should be noted that in 1996-2015 in Georgia the circulation of the national currency's volume approximately increased more than 13-times, while the average annual growth rate reached approximately 16%. Money supply rate was especially high in the years 2004- 2007. Against this background the real GDP increased 2.7 times according to official statistics, and the consumer price index has increased 2.8 times, average annual real GDP growth rate was 5.8%, while the average annual inflation reached about 6%. Difficulties of the monetary policy were related to the large number of inflows of the foreign currency, namely according to the Georgian Tax Balance's Financial Account the extent of the foreign investments amounted up to only 8.5 billion US dollars during the years 2002-2008, while the National Bank's foreign currency reserves increased by \$ 1,372 million.

A large number of foreign exchange inflows, together with the positive factors are characterized with two significant negative trends: first, inflow of the foreign currency is worsening the stabilization of the national rate and the trade terms of Georgia; second, the accumulation of foreign currency

reserves and the ensuring of the stability of national currency is effecting an inflationary pressure on the economy and is growing an excess supply of the national currency in the economy. Both of these trends during the period under the discussion were typical to Georgia. The excessive supply of the national currency for its part specifically affects on the capital market throughout the country. Our Article aims to study the impact of monetary shocks on governmental securities, which we have used due to the fact that the other assessment indicator of the capital market was reflecting weakly the market reality. We also have included in our model the index of the real estate market of Georgia¹.

DATA AND ECONOMETRIC MODEL

During the research process were used two types of models. The key reason for the separation of models is the lack of the number of observations in the key variables separation of variables. The first model includes the quarterly figures for 2007-2015², and the second model includes quarterly 2009-2015 indicators. The study is based on the examination of reactions of functions based on the vector auto regression model:

The first model:

$$Y_t = A(L^i) Y_{t-i} + Z_t + E_t$$

$$Y_t = (M_t, RGDP_t, RC_t, CPI_t,$$

$$R_t, REER_t, AP)$$

$$Z_t = (TR_t, TREND_t)$$

The second model:

$$Y_t = A(L^i) Y_{t-i} + Z_t + E_t$$

$$Y_t = (M_t, GR, AP)$$

$$Z_t = (TREND_t)$$

Whereas, Y_t is the endogenous variables vector, Z_t is exogenous vector variables, E_t is residual member vector. For Endogenous variables were used the following timelines³: Real Gross Domestic Product (GDP); The consumer price index (CPI); The national currency loans, the average real interest rates in the quarter (R); Real effective exchange rate (REER);

¹ Source: Beria, Natsvaladze, "the real estate market cycle analysis (at the example of Tbilisi)", Journal of Economics and Business, No. 4, 2015.

² Statistics used in the present research are based on the Ministry of Finance (www.mof.gov.ge); National Bank of Georgia (www.nbg.ge) and the National Statistics Office (www.geostat.ge).

³ To make the above figures comparable during the interval of the time, it is important to take into consideration the price level, as one of the important factors. Irreducibility of variations in price levels may produce a wrong correlation between the indicators, and as a result of the above-mentioned it is reasonable that the adjustment of the parameters for the baseline period (I quarter of 1996) using an overall internal product deflator.

Household consumption in real chart (RC)⁴; Real estate price index 3 (AP); Government securities interest rates (GR). In order to describe the money supply indicator we have used the three parameters: Reserve money (CC); Monetary aggregate (M3), the monetary aggregate (M2) as an exogenous variables have been used received abroad in the natural form (current and capital) transfers (Y_tr) and the factor income received from abroad in (Y_f) the sum of (TR), the figure was used in the sense that from our point of view this variable mostly was the determinant of the national economic conjuncture for the evaluation period, also it is the most exogenous factor and important feature of external shocks.

The model examines the impact of monetary shock on capital markets. Taking into account that the Georgian stock market indexes are not sufficiently characterizing macro-economic level of the financial markets (a large amount of non-stock transactions), instead of it we have used two variables, one-year interest rate of government securities and real estate price index. We believe that the real estate price index for the countries with low financial level of development is a good indicator to describe the property sector, and in addition the poor development of the financial market in Georgia has produced the trend of money investment in any case up to the present.

During the quarterly data analysis the very important issue is the seasonality. In this research, all the variables are seasonally corrected. Accordingly all of the data were tested using the method of seasonal component X121. As to the issue of stationary for this analysis were used several tests: Advanced Dick-Fuller (ADF), Phillips-Peron (PP), Dick-Fuller (DF-GLS), and Kwiatkowski-Phillips-Schmidt-Shin (KPSS) tests. The examination of time-scales was carried out under the stationary conditions based on seasonal time series and unfiltered track 2 (Source: Beria, Natsvaladze, "the real estate market cycle analysis (at the example of Tbilisi)", Journal of Economics and Business, No. 4, 2015). 6X12 method of the US Census Bureau and represent the seasonality adjustment system and other deviations. *Tables 1-2* below present zero-one measure test results, over the time period 1996-2015, using different tests for a 5% significance level. Tests have been carried out for all the three specification: the Trent, constant and without trend.

Stationary we have obtained:

- According to the ADF, PP, DF-GLS and KPSS tests REER it is the integration process of the first range, while AP is - TS1 - process.

- According to ADF, PP and DF-GLS tests GR, CPI, CC M2 it is the integration process of first row. But according to the KPSS test TS-process, the contradictory results obtained do not allow us to really attribute the time series to TS DS2-process. That is why we have used the Cohren 3 procedure,

⁴ Households and households serving private non-profit organizations and their expenditures' ultimate consumption at the final upper-real picture/chart.

according to which the CPI and GR were identified as TS-process. Attribution of the CC and M2 time series to DS-process is quite difficult, but it preferentially DS-process and is characterized by variation dynamic.

- According to PP, DF-GLS and KPSS tests M3 is a first row/order integration process, but according to the ADF test it is the second row of the integration process, which is confirmed by Cohren procedures.

Table 1

Idem factor root tests (ADF, PP, DF-GLS, KPSS)

Tests		Variables											
		CPI	ΔCPI	R	ΔR	REER	ΔREER	CC	ΔCC	M2	ΔM2	M3	ΔM3
ADF-Tests	Specification	T, 0	T, 1	T, 3	-	T, 0	T, 0	T, 4	T, 3	T, 5	T, 4	T, 11	T, 7
	ADF-statistics	-2.49	-8.2	-4.73	-	-2.8	-9.43	0.71	-3.83	-0.5	-4.91	2.53	-1.89
	Critical values/definitions	-3.49	-3.47	-3.47	-	-3.46	-3.46	-3.47	-3.47	-3.47	-3.47	-3.47	-3.47
PP-Tests	Specification	T	T	T	-	T	T	T	T	T	T	T	T
	PP-statistics	-2.47	-9.12	-4.06	-	-2.8	-9.47	1.22	-12.6	-0.67	-11.4	3.46	-8.71
	Critical values/definitions	-3.46	-3.47	-3.46	-	-3.46	-3.46	-3.46	-3.46	-3.46	-3.46	-3.46	-3.46
DF-GLS Tests	Specification	T, 0	T, 0	T, 3	T, 2	T, 0	T, 0	T, 4	T, 3	T, 8	T, 4	T, 8	T, 7
	DF-GLS statistic	-2.27	-8.39	-0.61	-9.41	-2.8	-9.56	-0.28	-3.22	-1.38	-4.72	-0.5	-1.35
	Critical values/definitions	-3.10	-3.11	-3.11	-3.11	-3.10	-3.10	-3.11	-3.11	-3.12	-3.11	-3.12	-3.12
KPSS Tests	Specification	T	T	C	C	T	C	T	T	T	T	T	T
	KPSS-statistic	0.13	0.11	0.68	0.32	0.147	0.05	0.29	0.147	0.28	0.186	0.3	0.11
	Critical values/definitions	0.14	0.14	0.46	0.46	0.146	0.14	0.14	0.146	0.14	0.14	0.14	0.14
Results		ND	I (0)	N	-	I (1)	I (0)	I (1)	N	I (1)	N	I (1)	I (0)

Source: calculated by author

Table 2

Zero one measure tests (ADF, PP, DF-GLS, KPSS)

Tests		Variables									
		RGDP	ΔRGDP	CR	ΔCR	TR	ΔTR	AP	ΔAP	GR	ΔGR
ADF-Test	Specification	T, 4	T, 0	T, 0	-	T, 3	T, 2	T, 6	-	C, 1	N
	ADF statistics	-2.49	-2.49	-4.35	-	-2.07	-12.16	-5.97	-	-2.05	-2.23
	Critical values/definitions	-3.47	-3.46	-3.46	-	-3.47	-3.47	-3.58	-	-2.99	-1.95
PP-Test	Specification	T	T	T	-	T	-	C	-	C	N
	PP - statistics	-8.21	-2.47	-4.3	-	-6.81	-	-2.93	-	-1.38	-2.43
	Critical values/definitions	-3.46	-3.46	-3.46	-	-3.46	-	-2.95	--	-2.99	-1.95
DF-GLS Test	Specification	T, 4	T, 0	T, 3	T, 3	T, 3	T, 4	T, 6	-	C	C
	DF-GLS-statistic	-2.22	-2.27	-1.12	-3.95	-2.12	-2.48	-5.86	-	-1.38	-2.17
	Critical values/definitions	-3.11	-3.10	-3.11	-3.11	-3.11	-3.11	-3.19	-	-2.99	-1.95
KPSS-Test	Specification	T	T	T	T	T	T	T	-	T	C
	KPSS-statistics	0.22	0.13	0.19	0.12	0.24	0.141	0.08	-	0.10	0.18
	Critical values/definitions	0.14	0.14	0.14	0.14	0.14	0.146	0.14	-	0.14	0.46
Results		I (1)	I (0)	ND	I (0)	I (1)	I (0)	I (0)	-	ND	I (0)

Source: calculated by author

- According to ADF and PP tests R is a stationary process, which is the contrary to the DF-GLS and KPSS tests. However Cohren procedure is a preferably stationary process characterizes by a variation dynamic.

- According to ADF, DF-GLS and KPSS tests RGDP RC is the first line integration process. The PP and the test procedure is Cohren TS-process.
- According to ADF, DF-GLS and KPSS tests TR is the first row integration process. The PP test and the procedure according Cohren is TS-process. Taking into account the results above and also taking into account the significant structural changes in the years 1996-2015 Georgia experienced, we believe that REER, CC, M2, M3, TR should be interpreted as DS-processes, while the CPI, R, RGDP, AP, GR are CRTS-processes.

Therefore, most of the variables were defined in the time period as the trend towards timestamp column, so the exogenous variables were included by us by the linear trend factor. The model variables that were identified as first-line integrated processes are considered as the first-line differences. Technically the only three variables were identified as non zero-row integrated process, so the series cannot be defined and analyzed as co-integration connections for the analytical rows which cannot be determined and we consider the vector auto regression as corrected. In order to standardization of variables it is taken the primary endpoints as their logarithmic values.

We have assessed three models, which can be grouped into two groups: the first type of model in order to characterize the financial markets it was taken two variable interest rates regarding the government securities up to one year and the real estate price index. In order to characterize a money supply indicator we have used a variety of indicators: Reserve Money (CC); Monetary Aggregate (M3), the Monetary Aggregate (M2); for the characteristic of the second type of model in the financial markets was taken only real estate price index, which was constructed on the basis of three models to characterize the rate of money supply of various indicators of Reserve Money (CC); Monetary Aggregate (M3), the Monetary Aggregate (M2); in order to determine the lag of the first group of models we have used 2 lagged models, and at the case of the second type of models 3 lag. Optimal lag comprehensive survey could not be studied due to the lack of the time limits. Therefore, the above-discussed lag's depth is optimal taking into account these restrictions. The features of auto regression of polynomial models with inverse roots module is less than one, which indicates the VAR model is stationary. In order to analyze an endogen variables according to the Granger cause-resulting tests (*Table 3*) for our model seems to be revealed: For the first type of model: 1) for all three models GR variable; 2) according to the first model of Granger connection AP → CC; AP variables; 3) the second model M2 and AP endogen variables; 4) according the third model of Granger, liaison between M3 → AP and GR → M3 directions; based the above-mentioned the following causal scheme may developed: GR CC/M2/ M3 AP.

The second type of scheme may be developed a cause-resulting a reasonable model for the following:

REER → AP CC/M2/ M3 → RC → R → CPI → GDP.

In order to study the response functions analysis of then endogenic variables' system on the random variable impulse from the single-time shock, the problem in this type of model is the system of equations' correlation shocks.

Table 3

Granger causal-result test outcomes

First Model												
Dependent variable: LCC_DIF				Dependent variable: LM2_DIF				Dependent variable: LM3_DIF				
Excluded	Chi-sq	df	Prob.	Excluded	Chi-sq	df	Prob.	Excluded	Chi-sq	df	Prob.	
LGR	4.524	2	0.104	LGR	2.586	2	0.275	LGR	5.556	2	0.062	
LAP	8.408	2	0.015	LAP	1.000	2	0.607	LAP	0.452	2	0.798	
All	14.965	4	0.005	All	4.813	4	0.307	All	7.648	4	0.105	
Dependent variable: LGR				Dependent variable: LGR				Dependent variable: LGR				
Excluded	Chi-sq	df	Prob.	Excluded	Chi-sq	df	Prob.	Excluded	Chi-sq	df	Prob.	
LCC_DIF	0.622	2	0.733	LM2_DIF	1.151	2	0.563	LM3_DIF	2.916	2	0.233	
LAP	0.110	2	0.946	LAP	0.250	2	0.882	LAP	0.297	2	0.862	
All	0.783	4	0.941	All	1.317	4	0.859	All	3.102	4	0.541	
Dependent variable: LAP				Dependent variable: LAP				Dependent variable: LAP				
Excluded	Chi-sq	df	Prob.	Excluded	Chi-sq	df	Prob.	Excluded	Chi-sq	df	Prob.	
LCC_DIF	1.097	2	0.578	LM2_DIF	1.641	2	0.440	LM3_DIF	6.835	2	0.033	
LGR	1.737	2	0.420	LGR	0.590	2	0.745	LGR	4.192	2	0.123	
All	2.287	4	0.683	All	2.874	4	0.579	All	8.477	4	0.076	
Second Model												
Dependent variable: LCC_DIF				Dependent variable: LM2_DIF				Dependent variable: LM3_DIF				
Excluded	Chi-sq	df	Prob.	Excluded	Chi-sq	df	Prob.	Excluded	Chi-sq	df	Prob.	
LRC	2.427	2	0.297	LRC	0.435	2	0.804	LRC	10.657	2	0.005	
LREER_DIF	5.756	2	0.056	LREER_DIF	1.069	2	0.585	LREER_DIF	0.673	2	0.714	
LCPL_SA	0.547	2	0.760	LCPL_SA	1.358	2	0.507	LCPL_SA	0.560	2	0.756	
LRN_SA	0.624	2	0.731	LRN_SA	2.737	2	0.254	LRN_SA	0.298	2	0.862	
LRGDP_SA	0.276	2	0.870	LRGDP_SA	2.983	2	0.224	LRGDP_SA	0.279	2	0.870	
LAP_SA	7.303	2	0.025	LAP_SA	10.679	2	0.004	LAP_SA	7.658	2	0.022	
All	31.068	12	0.001	All	35.588	12	0.000	All	33.762	12	0.001	
Dependent variable: LREER_DIF				Dependent variable: LREER_DIF				Dependent variable: LREER_DIF				
Excluded	Chi-sq	df	Prob.	Excluded	Chi-sq	df	Prob.	Excluded	Chi-sq	df	Prob.	
LCC_DIF	1.446	2	0.485	LM2_DIF	1.323	2	0.516	LM3_DIF	0.389	2	0.823	
LRC	3.009	2	0.222	LRC	3.632	2	0.163	LRC	3.149	2	0.207	
LCPL_SA	1.327	2	0.515	LCPL_SA	3.660	2	0.160	LCPL_SA	2.624	2	0.269	
LRN_SA	0.318	2	0.853	LRN_SA	1.437	2	0.488	LRN_SA	0.438	2	0.803	
LRGDP_SA	0.146	2	0.930	LRGDP_SA	1.016	2	0.602	LRGDP_SA	0.310	2	0.857	
LAP_SA	0.400	2	0.819	LAP_SA	2.741	2	0.254	LAP_SA	1.048	2	0.592	
All	10.257	12	0.593	All	10.067	12	0.610	All	8.634	12	0.734	
Dependent variable: LRC_SA				Dependent variable: LRC_SA				Dependent variable: LRC_SA				
Excluded	Chi-sq	df	Prob.	Excluded	Chi-sq	df	Prob.	Excluded	Chi-sq	df	Prob.	
LCC_DIF	0.521	2	0.770	LM2_DIF	3.244	2	0.198	LM3_DIF	7.054	2	0.029	
LREER_DIF	0.010	2	0.994	LREER_DIF	0.604	2	0.740	LREER_DIF	1.796	2	0.407	
LCPL_SA	1.386	2	0.499	LCPL_SA	1.384	2	0.501	LCPL_SA	0.828	2	0.661	
LRN_SA	1.046	2	0.592	LRN_SA	1.447	2	0.485	LRN_SA	4.834	2	0.089	
LRGDP_SA	0.140	2	0.932	LRGDP_SA	0.012	2	0.994	LRGDP_SA	3.973	2	0.137	
LAP_SA	2.296	2	0.317	LAP_SA	4.420	2	0.110	LAP_SA	5.337	2	0.069	
All	9.365	12	0.671	All	13.639	12	0.324	All	19.621	12	0.075	
Dependent variable: LCPL_SA				Dependent variable: LCPL_SA				Dependent variable: LCPL_SA				
Excluded	Chi-sq	df	Prob.	Excluded	Chi-sq	df	Prob.	Excluded	Chi-sq	df	Prob.	
LCC_DIF	0.604	2	0.739	LM2_DIF	3.753	2	0.153	LM3_DIF	2.904	2	0.234	
LRC	14.004	2	0.001	LRC	22.210	2	0.000	LRC	17.582	2	0.000	
LREER_DIF	2.013	2	0.366	LREER_DIF	4.201	2	0.122	LREER_DIF	0.839	2	0.657	
LRN_SA	5.250	2	0.072	LRN_SA	7.685	2	0.021	LRN_SA	1.225	2	0.542	
LRGDP_SA	1.775	2	0.412	LRGDP_SA	3.903	2	0.142	LRGDP_SA	3.972	2	0.137	
LAP_SA	0.050	2	0.975	LAP_SA	5.455	2	0.065	LAP_SA	2.477	2	0.290	
All	37.392	12	0.000	All	47.963	12	0.000	All	45.114	12	0.000	
Dependent variable: LR_SA				Dependent variable: LR_SA				Dependent variable: LR_SA				

Excluded	Chi-sq	df	Prob.	Excluded	Chi-sq	df	Prob.	Excluded	Chi-sq	df	Prob.
LCC_DIF	0.679	2	0.712	LM2_DIF	1.453	2	0.484	LM3_DIF	0.421	2	0.810
LRC	10.982	2	0.004	LRC	14.684	2	0.001	LRC	10.968	2	0.004
LREER_DIF	1.172	2	0.556	LREER_DIF	2.183	2	0.336	LREER_DIF	0.441	2	0.802
LCPI_SA	2.413	2	0.299	LCPI_SA	2.564	2	0.277	LCPI_SA	4.299	2	0.117
LRGDP_SA	0.148	2	0.929	LRGDP_SA	0.957	2	0.620	LRGDP_SA	0.648	2	0.723
LAP_SA	0.085	2	0.959	LAP_SA	1.866	2	0.394	LAP_SA	0.959	2	0.619
All	47.618	12	0.000	All	50.710	12	0.000	All	46.588	12	0.000
Dependent variable: LRGDP_SA				Dependent variable: LRGDP_SA				Dependent variable: LRGDP_SA			
Excluded	Chi-sq	df	Prob.	Excluded	Chi-sq	df	Prob.	Excluded	Chi-sq	df	Prob.
LCC_DIF	4.772	2	0.092	LM2_DIF	2.602	2	0.272	LM3_DIF	2.578	2	0.276
LRC	25.757	2	0.000	LRC	8.914	2	0.012	LRC	12.322	2	0.002
LREER_DIF	10.652	2	0.005	LREER_DIF	5.804	2	0.055	LREER_DIF	7.290	2	0.026
LCPI_SA	5.394	2	0.067	LCPI_SA	3.025	2	0.220	LCPI_SA	0.412	2	0.814
LRN_SA	2.391	2	0.303	LRN_SA	1.029	2	0.598	LRN_SA	0.377	2	0.828
LAP_SA	0.393	2	0.821	LAP_SA	0.415	2	0.813	LAP_SA	3.519	2	0.172
All	46.277	12	0.000	All	39.551	12	0.000	All	39.477	12	0.000
Dependent variable: LAP_SA				Dependent variable: LAP_SA				Dependent variable: LAP_SA			
Excluded	Chi-sq	df	Prob.	Excluded	Chi-sq	df	Prob.	Excluded	Chi-sq	df	Prob.
LCC_DIF	0.399	2	0.819	LM2_DIF	9.070	2	0.011	LM3_DIF	1.752	2	0.417
LRC	1.057	2	0.589	LRC	0.871	2	0.647	LRC	2.315	2	0.314
LREER_DIF	0.123	2	0.940	LREER_DIF	1.809	2	0.405	LREER_DIF	0.587	2	0.746
LCPI_SA	0.529	2	0.768	LCPI_SA	1.038	2	0.595	LCPI_SA	0.013	2	0.993
LRN_SA	0.043	2	0.979	LRN_SA	1.180	2	0.554	LRN_SA	0.954	2	0.621
LRGDP_SA	1.763	2	0.414	LRGDP_SA	2.153	2	0.341	LRGDP_SA	5.142	2	0.077
All	10.838	12	0.543	All	25.385	12	0.013	All	13.107	12	0.361

Source: calculated by author

The solution for this problem can be found using Koleski's decomposition through orthogonalization impulses. If we are admitting a change in the sequence then we can presuppose that the significant innovations' cross important correlation has taken place. If a function on the example of Georgia to study the impact of the real output of the money supply it has been studied a greater range, namely the quarterly data existed until the period 1996-2015, which according to Granger the causal-resulting connections were revealed. Taking into the account that our study model is limited with the intervals of the period 2007-2015 and 2009-2015 and because of the existence of a lack of data of the old time periods, I consider it as appropriate to share the results of the above-survey in order to elaborate the model, in our second model, the variables are placed with next succession:

CC/M2/ M3 → RC → REER → CPI → R → GDP → GDP

Also it has been made the analysis of alternative schemes in the both types of model. As the result of the alternative schemes the functions have not undergone the substantial changes, which mean that no cross-correlation of residual members has taken place.

RESULTS

Among the models we have identified that statistically money supply shock impulse response functions towards government securities interest rates is marginal and non-significant. It is also insignificant that the monetary aggregates variation on the government securities interest rates variation. The government securities index of fluctuations in interest rates returned to

the equilibrium value. Furthermore, the index of the interest rates of government securities is back with the fluctuations to the equilibrium value, which shows an adaptive mechanism of the recovery of imbalance.

The reaction functions of the real estate price index of monetary aggregates (CC, M2 and M3) on the impulse of changes are statistically significant. Decomposition of the real estate price index variation shows that in the variation of the real estate price index, changes in the money supply aggregates variation is characterized by a high level of importance. The dynamic restoring process has fluctuation nature and its impact on the various models after the different time lag reaches to the maximum, index indicators with the main fluctuations are returned to the equilibrium value/significance (*Table 4*).

Table 4

**Decomposition of interest rates on government securities
and real estate price index variation**

Variance Decomposition of LGR:					Variance Decomposition of LAP:			
Period	S.E.	LGR	LCC_DIF	LAP	S.E.	LGR	LCC_DIF	LAP
1	0.15	100.00	0.00	0.00	0.04	7.40	14.11	78.49
2	0.22	99.75	0.23	0.02	0.05	21.85	15.62	62.54
3	0.24	99.58	0.40	0.02	0.06	23.68	17.22	59.10
4	0.25	98.15	1.09	0.77	0.06	23.46	17.08	59.46
5	0.25	97.19	1.36	1.45	0.06	23.46	17.08	59.47
6	0.25	96.99	1.47	1.55	0.06	23.53	17.11	59.35
7	0.25	96.98	1.47	1.55	0.06	23.69	17.07	59.24

Cholesky Ordering: LGR LCC_DIF LAP								
Period	S.E.	LGR	LM2_DIF	LAP	S.E.	LGR	LM2_DIF	LAP
1	0.14	100.00	0.00	0.00	0.04	6.13	1.47	92.40
2	0.20	97.65	2.11	0.23	0.04	13.57	5.84	80.59
3	0.22	93.41	6.22	0.37	0.04	17.97	5.50	76.52
4	0.23	91.74	7.33	0.94	0.05	18.03	5.68	76.30
5	0.23	91.53	7.40	1.07	0.05	18.44	5.69	75.86
6	0.23	91.64	7.30	1.06	0.05	19.15	5.69	75.15
7	0.23	91.65	7.31	1.04	0.05	19.65	5.76	74.59

Cholesky Ordering: LGR LM2_DIF LAP								
Period	S.E.	LGR	LM3_DIF	LAP	S.E.	LGR	LM3_DIF	LAP
1	0.14	100.00	0.00	0.00	0.03	3.50	0.76	95.73
2	0.21	93.26	6.62	0.12	0.03	14.20	18.54	67.25
3	0.23	92.61	6.91	0.49	0.03	23.17	30.39	46.44
4	0.23	92.01	7.02	0.97	0.03	24.04	30.02	45.94
5	0.23	91.55	7.17	1.28	0.03	24.81	29.69	45.51
6	0.23	91.50	7.16	1.34	0.03	25.92	29.23	44.85
7	0.24	91.53	7.13	1.33	0.03	26.35	29.07	44.58

Cholesky Ordering: LGR LM3_DIF LAP

It should be noted that the difference between the first and second model results are different, however, the reason to look is for the inferiority of models. We think that the second model in terms of the influence of the

real estate price index in the money market will present the more complete information. Therefore, we can conclude that the growth of monetary aggregates at the initial stages will significantly increase the real estate price index; however, the shock for a long period at the real estate market is the cause of dynamic instability (*Table 5*).

Table 5

Real estate price index variation Decomposition

Period	S.E.	LCC_DIF	LRC	LREER_DIF	LCPI_SA	LRN_SA	LRGDP_SA	LAP
1	0.043	31.474	9.644	4.128	1.160	3.296	0.287	50.011
2	0.055	28.525	7.112	6.684	0.722	3.384	3.296	50.278
3	0.067	23.182	5.194	23.350	2.261	2.665	4.317	39.031
4	0.071	18.807	4.199	35.052	3.216	2.470	4.678	31.578
5	0.073	19.459	5.130	36.778	3.866	2.203	4.629	27.934
6	0.075	21.448	7.785	35.123	3.531	2.185	4.264	25.663
7	0.076	22.931	8.548	33.737	3.335	2.596	4.209	24.646

Cholesky Ordering: LCC_DIF LRC LREER_DIF LCPI_SA LRN_SA LRGDP_SA LAP

Period	S.E.	LM2_DIF	LRC	LREER_DIF	LCPI_SA	LRN_SA	LRGDP_SA	LAP
1	0.033	0.377	30.287	1.417	6.568	0.675	5.437	55.239
2	0.040	27.408	22.904	1.790	5.176	1.946	4.517	36.258
3	0.044	32.469	21.401	7.058	4.012	2.458	3.710	28.891
4	0.049	37.247	18.683	8.637	3.548	3.666	3.177	25.042
5	0.053	34.576	19.166	12.222	3.496	3.704	3.305	23.532
6	0.055	31.618	21.105	12.425	4.139	3.369	3.973	23.371
7	0.056	29.754	24.017	11.683	4.463	3.220	4.617	22.246

Cholesky Ordering: LM2_DIF LRC LREER_DIF LCPI_SA LRN_SA LRGDP_SA LAP

Period	S.E.	LM3_DIF	LRC	LREER_DIF	LCPI_SA	LRN_SA	LRGDP_SA	LAP
1	0.034	1.051	20.899	9.052	18.984	13.857	3.529	32.629
2	0.041	5.275	17.933	11.504	11.135	15.467	5.406	33.281
3	0.046	6.576	14.371	24.917	8.067	13.084	5.417	27.568
4	0.052	6.608	12.431	32.305	9.774	10.731	5.196	22.956
5	0.055	6.723	13.302	31.029	12.098	9.611	5.570	21.667
6	0.058	6.558	18.133	28.215	11.530	9.192	5.035	21.336
7	0.059	7.238	18.016	27.332	11.349	9.079	4.985	22.001

Cholesky Ordering: LM3_DIF LRC LREER_DIF LCPI_SA LRN_SA LRGDP_SA LAP

Money supply and real estate price index, as the financial market response rate of this kind of attitude in Georgia is confirmed by other studies (Bernanke and Kuttner 2004, Campbell and Cochrane 1999, Brandt and Wang, 2003).

We believe that the model can be interpreted in the economic terms in the following way: the money supply can cause a sudden increase in interest rates, it reduce the risks of investment projects.

Taking into account that the development of security market in Georgia is very low, there are only three alternatives for investment (real estate, deposits and business projects).

Business projects means high financial investments, for which own funds are insufficient and implementation without borrowing from the financial sector is quite difficult. Despite the reduction in interest rates in the financial sector it is at a high level due to low competition at the financial sector and

the country's premium risk index. Additionally it is less risky investments at real estate market compared to business projects.

On the one hand encouraging the business sector, on the other hand encouraging consumption will increase the demand and later the supply in the real estate market.

CONCLUSIONS

Thus, this article carried out to reveal the following findings:

- Money supply shock in government securities interest rates did not significantly affect and we can talk regarding its importance only for the short term, but for the medium and long term an impact of the money supply shock is limited.

- According to the study/survey it is also shown that the importance of the money amount shock on the real estate price index has a great impact. The abovementioned fully reflects an opinion existing in the theory of economy related to the stimulation of economy by the money supply in the short term, where the real estate market is no exception to. The study also showed that monetary shocks on the real estate price index are stronger than the monetary shocks' impact on the total output that can be interpreted in Georgia as the high level inclination of investment in the real estate market than in the other sectors of the economy, that is due to the underdevelopment of financial markets and institutional restriction.

- It should be noted that the difference between the first and second model results are significant, however, reason for this is the inferiority of models. We think that the second model gives completer information in terms of the influence of money market towards the real estate price index. Therefore, we can conclude that the growth of monetary aggregates at the initial stage significantly increases the real estate price index; however, a shock for a long period is the reason of dynamic instability at the real estate market.

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INVESTMENT SUPPORT INNOVATIVE INDUSTRIAL ENTERPRISES

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Abstract: *European integration as a key foreign policy priority of Ukraine determines the need for more careful study paradigm, goals and strategic plans for economic and social development of European society, taking into account the experience, with all its achievements and losses have become target development strategy for Ukraine in the near future. The priorities of socio-economic development of European society in the near future, as defined in the EU strategy "Europe-2020" aimed at intelligent growth, based on investments in education, research and innovation; sustainable growth as the economy based on sustainability, efficient and economical use of natural resources; inclusive growth aims to reduce poverty, ensuring maximum performance of employment; based on the principles of social inclusion, indicate that the most important role in the strategy assigned to social issues, which are considered as factors and aims of economic growth [11]. In the conditions of the transformation processes in Ukraine's economy, important place belongs to efficient investment activity of enterprises, regions and the state. At the micro level its effectiveness primarily depends on the formation of a rational investment strategy of the company and its financial capabilities. Modern trends in economic development indicate the need of transition to an innovative economic model, which requires significant investments. That's why investments are means of resource innovation support. Increased activity of innovation acting among domestic enterprises is one of the main prerequisites for stability and sustainable economic development. Activation of innovation activity among enterprises in conditions of market economy is associated, primarily, with finding sources and forms of investment, which should ensure a balance between innovation expenditure and income. Providing dynamic development of industrial enterprises in Ukraine, strengthening of their competitive positions in the domestic and foreign markets requires a significant increase of investment aimed at implementation of innovations, conducting of technical and technological renewal of production. Economical growth in Ukraine is not accompanied with updating the industry on the basis of innovation, which proves the ineffectiveness realization of the investment potential of the country. This creates high risks for stable economic growth of the domestic economy, strengthen of its competitiveness. Therefore, priority tasks in investment and innovative activity of industrial enterprises are search and effective use of investment resources for leading the scientific and technical*

ideas and developments to specific products and technologies, which have demand on the market. The article discusses the theoretical basis and features of investment support of innovation activity among industrial enterprises. Internal and external sources of investment resources among enterprises of industry were analyzed and generalized. Measures to improve certain areas of financing innovation activity among industrial enterprises were proposed, the current state of innovation development of industrial enterprises of Ukraine was investigated and the directions of increasing of their innovation activity were determined.

Keywords: *innovation, potential, investment, investor, innovative strategy, development, measures, profit*

INTRODUCTION

An important condition for the further development of Ukraine's economy is innovation activity both on the macro and the micro level. Moving the subject of ménage to the innovative way of development is possible only in condition of creation and implementation of innovative potential as the basis for this development. Investment support determines the dynamics of innovative enterprise development. However, on the efficiency of investment support of innovative development among companies substantially influences the structure and quality of investment activities.

Significant impact of investment support for realization of innovation strategy requires analysis and study in the dynamics of changes in the structure of financing innovation activity in the company. Therefore, research of patterns and characteristics of investment activity for formation the concept of investment support of innovative development in the enterprise today is important and relevant.

MATERIALS AND METHODS

To solve the problems which were raised in the work, the following methods were used: systemic analysis (for opening the basis of conceptual apparatus of investment support system in innovation activity of enterprises); statistical analysis (for analysis of current trends for innovation activity of industrial enterprises and their investment support); factor analysis (to determine the factors that influence on the amount of investments in innovation activity of industry enterprises).

In modern economic literature the questions of investment innovative activity are widely and thoroughly widespread. Significant contributions to the theoretical study of the processes of investment were made by such economists as: I.V. Vlasova, G.V. Voznyak, D.V. Krylov, O.S. Nakonechna, A.V. Cherep, M. Shtan et al.

The aim of the article is to consider the features of investment support of the innovative company's development. Implementation of innovations and investments in the innovation process are closely linked: through making investments in innovation the impact of the use of enterprise resources is stimulating productivity and observed activation of scientific and technological development are increasing.

RESULTS

Innovation activity according to state legislation is defined as "activity aimed at using and commercializing the results of research and development and causes the release of new competitive products and services" [1].

In economic literature, the term "innovation" is interpreted as a potential transformation of scientific and technological progress in to the real, which is embodied in new products and technologies. The innovative product is characterized by a higher technological level, new consumer qualities of goods or services in comparison with the previous product. In the literature there are many definitions of innovations. For example, according to the content or inner structure there are technical innovations, economic, organizational, managerial et al. There are such features as scale of innovation (global and local); options of lifetime cycle; laws of implementation process [2, p. 58].

According to international standards, innovation is defined as the final outcome of activity, which is embodied in the form of new or improved product introduced on the market, new or improved technological process which is used in practice [5, p. 171]. *Table 1* presents data on indicators of industrial activity in Ukraine.

Table 1

The share of companies engaged in innovative processes and the share of industrial enterprises which implemented innovations

Year	The share of companies engaged in innovative processes, %	The share of industrial enterprises which implemented innovations, %
2001	18,0	14,8
2002	16,5	14,3
2003	18,0	14,6
2004	15,1	11,5
2005	13,7	10,0
2006	11,9	8,2
2007	11,2	10,0
2008	14,2	11,5
2009	13,0	10,8
2010	12,8	10,7
2011	13,8	11,5
2012	16,2	12,8
2013	17,4	13,6
2014	16,8	13,6

Source: completed by author on the base [10]

In 2001-2014, the share of enterprises engaged in innovative processes had minor changes. The peak is in 2001 and 2003 (18%), followed by decline up to 2007, which is the minimum activity of enterprises (11.2%). After 2007, there has been a definite increase in the share of firms involved in the innovative implementation up to 2013 (from 11.2% to 17.4%); then the activity decreased. One of the ways to ensure the innovative development is investment. Investments are all types of money, property and intellectual values invested in real and financial assets to get profit (income).

Thus, A. Cherep believes that investments should be understood only as investments which aim is profit (income). And for this aim investments should be distinguished from other investment funds [8, p. 70]. M. Shtan defines investment as "capital investment in all forms in various objects (tools) of its business activity for profit and to achieve other economic or non-economic effect, which is based on market principles and related with factors of time, risk and liquidity" [9, p. 32]. By definition of D. Krylov, investment is capital investment with the aim of further increase of capital. Increase of capital resulting from its investment is a compensation for the risks of losses from inflation and not receiving percents from bank on invested capital [6, p. 103]. Investment and innovation becomes complex due to the formation of investment resources that provide investment needs of the enterprise to implement innovative programs. Feature of investment support innovative potential of the company is that it should serve as an instrument of expanded reproduction of main capital of economic complex in the enterprises. Such approach in providing investment allows us to consider it as a major source of investment resources and funding for all areas of the company. Only by providing investment of innovative development, investment and innovation becomes complex, which makes it possible to develop a dynamic regional economy and generate financial resources that ensure social and environmental needs of the enterprise [7, p. 50].

Public funding of innovative activity is a leader in the structure of investment in innovation of companies in developed countries, which helps to regulate the competitiveness of domestic entities and improves the activity areas, the operation of which depends on investment in research development (education, health, etc.).

In Ukraine, the financing of innovations for the period since 2010 till 2014 describes the knowledge intensity of GDP index (increasing the number of financing of science and technique activity in GDP). When legally prescribed level of 1.7%, it does not exceed 0.5%. The share of research costs in amount for science, is set at 30%, in fact, does not exceed 12% [10]. The share of public investment in total invested sources of innovation varies from 0.3% to 2.5%. The low level of public funding caused by the limited budget and determine the need for involvement of own funds or funds of investors, both Ukrainian and foreign.

The main funding sources for research and development works of industrial enterprises in Ukraine are own funds of economic entities (can act as profits remaining at the disposal of the company and depreciation). Their fraction in total expenditure on innovations increased from 61.3% in 2010 to 64.1% in 2013 [10].

In addition to own financial resources should be included funds arising from the sale of surplus assets, innovative products that are in demand. Last time there has been an increase of foreign investments (from 3% of the total spending on innovation in 2010 to 22% in 2013), causing both positive and negative effects [5, p. 172].

Management of investment and innovative development involves finding a compromise between static and dynamic stability of the company. The enterprise must be characterized by stable financial position for each date of implementation of investment and innovation project in conditions of distraction of economic resources from opportunities for their use with guaranteed high current efficiency in high risk programs with forecast high efficiency. This agreement is provided by contradictions between indicators of current and prospective effectiveness, efficiency and liquidity, efficiency and risk [4, p. 97]. Each enterprise should strive for formation of the innovative capacity, which is defined as the ability of companies to ensure production processes with new equipment, technology and ability to produce new goods (services). The innovative potential of the company is seen as an opportunity, the company's ability to implement the latest achievements of science and technology in new products, their production technology, organizational and administrative decisions, and the ability to meet the demands of consumers and bring enterprise profits [3, p. 42].

The main objective of the innovation process in Ukraine is increasing of social and economic efficiency of the production sector based on systematic improvement of all elements and materialization of scientific knowledge and improving social security.

Increasing of innovation activity of industrial enterprises requires the creation of favorable conditions for innovation investment, namely:

- 1) Development of legal framework for investment and innovation activity in Ukraine in order to create an effective legal mechanism to guarantee investment protection.

- 2) To promote development of innovation and investment infrastructure (stock, goods and universal exchanges, depositories, institutes of joint investment, innovation and investment funds, technology parks, insurance companies, research and consultancy centers).

- 3) Gradual reduction of the tax burden.

- 4) State financial support for innovative projects that were selected according to established criteria.

DISCUSSION AND CONCLUSION

Thus, the methodological basis of innovation development is inextricably linked with scientific and technical progress and the theory of economic growth. One of the ways for accelerating the economic development of the industry enterprises is activation of their innovation activities. To increase investment support of innovative activity, it is necessary to solve a number of problems: to commercialize innovative products (bringing innovation to practical use requires additional funds for long time); to low high risks of innovative activity; to use effectively financial resources; to use effectively benefits provided by the state, etc.

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SICHERUNG DER FINANZIELLEN SICHERHEIT ALS GLOBALES PROBLEM DER MODERNITÄT

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Abstrakt: *Finanzielle Sicherheit des Staates hat heutzutage eine große Bedeutung. Globalisierte finanzielle Systeme und Erweiterung der Bedeutung von finanziellen Strömungen und ihre enge Verbindung in den letzten Jahrzehnten mit der Sozialsphäre haben die Notwendigkeit der Entdeckung der Hauptgefahren und Ausarbeitung wirksamer Maßnahmen ihrer Bekämpfung verursacht. Im Artikel sind finanzielle Gefahren, die kennzeichnend für die meisten Ländern sind, beschrieben und diskutiert, welche in einigen Ländern besondere Gefahren darstellen. Die Notwendigkeit der Erschaffung einer komplexen Ausarbeitung eines universellen, flexiblen Basismodells der finanziellen Sicherheit, das sich an der Erfahrung jedes Staates orientiert und sich mit der Erfassung nationaler Besonderheiten korrigiert. Dieses Modell kann als Sicherheitsresolution in den Vereinten Nationen eingeführt werden.*

Schlüsselwörter: *finanzielle Sicherheit, Finanzmodell, Missbrauch, Betrug, Bankensektor*

EINLEITUNG

Finanzielle Sicherheit des Staates hat heutzutage große Bedeutung in allen Ländern. Ihre Ignorierung kann tiefe destruktive Änderungen in der Gesellschaft beeinflussen, zum Beispiel, der Rückgang von Branchen, Betriebsinsolvenzen, Verschlechterung des Sozialzustandes der Bevölkerung, Verarmung der Nation, Untergrabung der Lebenserhaltungssysteme des Staates und ein weiterer Verlust an Souveränität. Finanzen sind eine der wichtigsten Aspekte der Aktivitäten der Gesellschaft, des Staates und des Individuums, und gerade darum wird das Konzept der nationalen Sicherheit zu leeren Worte ohne stabiler, gleichzeitiger und effektiver Finanzierung. Daher ist die finanzielle Sicherheit eines der wichtigsten nationalen Prioritäten. Angesichts der Wichtigkeit dieser Problematik, haben sie zahlreiche Wissenschaftler aus verschiedenen Ländern studiert, insbesondere: A. Bettler, S. Hoffmann, D. Kauffmann, G. Morgentau, Ch. Mur, E. Rothschild, S. Strange u.a. Doch angesichts der zahlreichen Forschungen bleibt das Problem der Erschaffung oder Approximation zum optimalen System der finanziellen Sicherheit ungelöst. Das Objekt der Forschung ist finanzielle Sicherheit des Staates. Das Subjekt ist der Komplex der finanziellen Bedrohungen und möglichen Maßnahmen seiner Beseitigung auf globaler Ebene. Das Ziel dieses Artikels

ist die Klärung der Aktualität des Problems der finanziellen Sicherheit des Staates heutzutage, und auch die Suche nach möglichen Wegen ihrer Erhöhung auf globaler Ebene. Zur Erreichung dieses Zieles sind folgende Aufgaben zu stellen: moderne finanzielle Hauptgefahren identifizieren und finden, ob einzelne Meinungen über die Essenz der finanziellen Sicherheit existiert; feststellen, ob es besondere nur für einige Länder finanzielle Gefahren gibt; Möglichkeiten zur Erhöhung der finanziellen Sicherheit auf globaler Ebene finden.

MATERIALIEN UND METHODEN

Während der Forschung wurden solche Methoden wie Analyse, Synthese, Systemmethode und Materialien der UN, offizielle Erklärungen von Regierungsbehörden, Periodik, Forschungen von Wissenschaftlern verwendet.

ERGEBNISSE

Bis zum Jahre 2008 existierten Finanzensysteme in den meisten Ländern nach dem Prinzip der leichten Eingriffe in die finanzielle Sicherheit des Landes, doch die Krise zeigte, dass "die unsichtbare Hand des Staates" eine ordnungsgemäße Kontrolle in dieser Sphäre sichern muss. Zur gleichen Zeit gibt es keine einzige Definition finanzieller Sicherheit für alle Länder. In jedem Land hat sie eigene Merkmale. Insbesondere in den EU-Ländern und den Sozialstaaten bekommt sie auch soziale Merkmale. Daher ist es für die weitere Forschung der Problematik notwendig, die Hauptgefahren der finanziellen Sicherheit des Staates, die für die meisten Ländern zutreffend sind, zu identifizieren. Nach den Forschungsergebnissen kann beschlossen werden, dass zu den klassischen Gefahren folgende Punkte gehören [1, S. 55; 7, S. 291]: Missbrauch von Haushaltsmitteln; Ineffizienz des Steuersystems; Probleme mit den öffentlichen Schuldendiensten; Mangel an finanziellen Ressourcen bei den Unternehmen; niedrige Wettbewerbsfähigkeit des Bankensystems und geringe Kontrolle über sie; wachsender Einfluss des transnationalen Kapitals im Wirtschaftssystem als Folge der Globalisierung. Dieser Ansatz zu diesem Problem ist klassisch. Jedoch gewinnt in gegenwärtigen Bedingungen das Finanzensystem immer größere Bedeutung und es wird bei anderen Sphären immer mehr beeinflusst, der Begriff der finanziellen Sicherheit muss viel weiter erforscht werden. Besondere Bedeutung hat das Problem der Beschäftigung und die Gefahr der Massenarbeitslosigkeit. Die durchschnittliche Beschäftigungsquote in den EU-Ländern nimmt seit dem Jahr 2008 ständig ab und schon damals lag es bei 62,23% [5]. Aufgrund der Tatsache der weiteren Globalisierung der Wirtschaftssysteme bedarf es der Notwendigkeit der Erschaffung internationaler Arbeitsmärkte, und auch Bedarf an qualitativ neuen Arbeitskräften, sowie dementsprechende Änderungen im Bildungssystem. Der Anstieg des Arbeitsloseniveaus führt nicht nur zu einer Erhöhung der Belastung des

Staatshaushaltes, sondern auch zu einer Steigung der Menge von Personen, die zu den sozialunzufriedenen Kategorien gehören und Träger der Gefahr der nationalen und finanziellen Stabilität auf lokaler als auch internationaler Ebene sind, weil sie Korruption, organisierte Kriminalität, Terrorismus, unkontrollierte Migration und Umweltverschmutzung fördern.

Auch ist die öffentliche Sicherheit von großer Bedeutung, insbesondere durch Versicherung und verschiedene Arten der finanziellen Unterstützung. Zum Beispiel werden im Zeitraum 2015-2017 in Deutschland zur Unterstützung der öffentlichen Sicherheit 30 Mio. Euro aufgewendet. Im Rahmen der Förderung "Altersgerechtes Leben" fördert die Kreditanstalt für Wiederaufbau durch zinsgünstige und langfristige Finanzierungen Maßnahmen, die Barrieren reduzieren und den Wohnkomfort steigern [4]. Der Bedarf an solchen Unterstützungsarten hat die Notwendigkeit der Bereitstellung eines angemessenen Niveaus der Lebensbedingungen und Erhaltung ihres Eigentums und Einsparungen beeinflusst, da ein Anstieg der Diebstähle und schlechter Wohnungen soziale Spannungen erhöht und den Wohlstand der Bevölkerung verringert, was einen negativen Einfluss auf den finanziell-politischen Zustand des Staates hat. Dabei muss man auch den psychologischen Faktor berücksichtigen, weil es die Sicherheit eines der Grundbedürfnisse des Menschen nach Maslow Bedürfnispyramide ist [6].

In den letzten Jahren wurde eine zunehmende alternde Bevölkerung und Anstieg des Anteils der Rentner zum Problem und Gefahr für das Finanzsystem, weil dies zu einer Steigerung der Belastung des Staatshaushaltes führt. Die Zahl der Rentner, die als armutsgefährdet gelten, nimmt ständig zu. Dieses Problem wird sich angesichts des demografischen Wandels und sich verändernder Erwerbsbiografien verschärfen [5]. Deshalb ist es wichtig, ein wirksames Modell der sozialen Unterstützung zu entwickeln, um soziale Veränderungen zu vermeiden und auch die Belastung des Staatshaushaltes zu reduzieren. In ein paar Jahrzehnten werden die jetzt arbeitenden Personen Rentner unter der Armutsgrenze sein, weil fast niemand mehr in den Rentenfond einzahlen wird.

Wenig Aufmerksamkeit schenkt man auch heutzutage der finanziellen Stabilität der Unternehmen, weil die meisten von ihnen privat sind und die Wahrung von Wohlstand und Stabilität Sache der Besitzer ist. Doch es ist nicht so. Unternehmen bezahlen nicht nur Steuern, schaffen Arbeitsplätze, sondern bilden auch Märkte des Staates, insbesondere finanzielle, seine Industriestruktur, Finanzströmungen und Positionen auf der Weltbühne. Während einer Krise machen die meisten Unternehmen Verluste und brauchen Prozessoptimierung, was nicht nur zu einer Verringerung der Einnahmen führt, sondern auch sozioökonomische Katastrophe beeinflusst. Als Beispiel dient Detroit, welches früher ziemlich reich und progressiv war, aber sich zu einer Geisterstadt wandelte, und auch die Situation mit der

Werksschließung von Opel in Bochum (Deutschland) 2014, wenn 22.000 Menschen ihre Arbeit verloren haben. Es sollte betont werden, dass die Stadt nur dank dieses Werkes lebte und fast alle Einwohner dort arbeiteten. Das Problem der Beschäftigung dieser Menschen und die Vermeidung des Aussterbens der Stadt ist nicht gelöst [8]. Das bedeutet die Notwendigkeit der Unterstützung der Bevölkerung, die Wartung und Aufwendung von Haushaltskosten auf großen Flächen, die man subventionieren muss, und Begehrung der finanziellen Maßnahmen zur Entfernung der finanziellen Spannung und Wiederherstellung der Position des Staates im globalen Finanzmarkt. Zu wenig Aufmerksamkeit im Zusammenhang mit der finanziellen Sicherheit ist für das Bankensystem auf dem globalen Niveau gewidmet. Als Beweis dafür dient die Verschwörung von Banken Barclays, HSBC und Royal Bank of Scotland (Großbritannien), Deutsche Bank (Deutschland), Rabobank (die Niederlande), Societe Generale (Frankreich), Tokyo-Mitsubishi, Sumitomo Mitsui aus Japan und die amerikanische Citigroup, JP Morgan Chase sowie der Betrug mit den Marktzinsen, die Libor und Tibor durchführten [3]. Das führte nicht nur zum Abfluss von Einnahmen des Staatshaushaltes, sondern auch zu einer Verminderung der Aktivität von kleineren Banken und einer scharfen Verschlechterung ihres Zustandes, und damit auch deren Sicherheit.

Sicherlich, außer allgemeine, haben einige Länder hoch spezifische Probleme. Zum Beispiel, in Israel ist ein Anstieg der Menge polygamer Familien unter israelischen Arabern eine globale Gefahr der finanziellen Sicherheit des Staates. Dies stellt eine wirtschaftliche Belastung und vor allem eine demographische Gefahr für die Zukunft des Staates dar. Oft passiert es, dass ein Mann 54 Kinder von sechs verschiedenen Frauen hat. Jeden Monat erhält er von der nationalen Versicherung umgerechnet rund 4.740 Euro. Ein weiterer israelischer Araber, der in einer Ortschaft in der Sharon-Ebene lebt, ist mit fünf Frauen verheiratet und hat 35 Kinder. Die Familie bekommt monatlich etwa 3.130 Euro. Es war registriert, dass ein Einwohner 237.000 Euro Hilfe bekommen hat. Zur gleichen Zeit, bekommen im Land etwa 20.000 Personen solche Vorteile [2]. Nach der Krise 2008-2009 in den USA war die Bank- und Hypothekenkontrolle sehr wichtig, weil eine große Gefahrenstufe einer Wiederholung der Krise existiert. Außerdem reagiert das Weltfinanzensystem sehr empfindlich auf die Veränderungen in der US-Wirtschaft. Das führte zur Notwendigkeit der Einführung von bestimmten Maßnahmen. Um eine neue Hypothekenkrise zu vermeiden, hat man in den USA eine obligatorische Modellierung der Krise mit Hilfe von besonderen Stress-Tests im Bankensektor durchgeführt. Die Besonderheit des Landes im Kontext der finanziellen Sicherheit liegt in der Durchführung von Betriebsstimulierung und Stimulierung von Privatpersonen durch Kredite und Senkung der langfristigen Zinsen. Wesentlich und untypisch für die meisten Länder wäre auch die Erschaffung einer neuen internationalen Institution zur

Erschließung ausländischer Märkte, die Erhöhung des Niveaus der finanziellen Sicherheit und des wirtschaftliches Wachstums [9, S. 15].

Für Japan sind Gefahren wie z.B. Naturkatastrophen und die damit verbundene Notwendigkeit des Wiederaufbaus und Entschädigung der Opfer mit einem erheblichen Aufwand an Mitteln zur Stimulierung der Sozialbedürfnisse verbunden. Solche Situationen führen zur Notwendigkeit, Kapitalinjektionen ins Wirtschaftssystem sowie die Zinssätze für kurzfristige Kredite und Refinanzierung bis 0,1% zu senken.

DISKUSSION UND SCHLUSSFOLGERUNGEN

Die finanzielle Sicherheit des Staates ist von besonderer Bedeutung in den gegenwärtigen Bedingungen. Die Forschung zeigte, dass die meisten finanziellen Gefahren gleichermaßen für alle Länder der Welt gelten, obwohl es auch einige Unterschiede gibt. Doch gibt es kein einziges Modell der Sicherstellung der finanziellen Sicherheit. Es ist auch bewiesen, dass finanzielle Sicherheit heutzutage eine breitere Bedeutung hat und auch eine andere Komponente, insbesondere soziale, enthält. Vor diesem Hintergrund und auch dem globalen Charakter von Wirtschaftssystemen, wenn Änderungen im Finanzensystem eines Staates zu bevorstehenden Reaktionen ineinander führen, ist es notwendig, eine komplexe Ausarbeitung eines flexiblen und multifunktionsfähigen Basismodells zur finanziellen Sicherheit zu entwickeln, das sich an der Erfahrung jedes Staates orientiert und es mit der Erfassung nationaler Besonderheiten korrigieren lässt. Gerade solche Maßnahmen werden nicht nur das globale Niveau der finanziellen Sicherheit erhöhen, sondern auch einen Teil der Risiken zur Entstehung globaler Krisen vermeiden helfen. Gewöhnlich, ist eine Implementierung solcher Modelle angesichts der Unterschiede der Länder und ihren Formationen, einschließlich ideologische, schwer umsetzbar.

Doch die UN haben bereits Erfahrung in solchen Maßnahmen, wenn auch in einem etwas anderen Bereich. Die Organisation besteht aus einer Vielzahl an Ländern unter allen Formationen, insgesamt 193. Der Sicherheitsrat der UN hat zahlreiche Resolutionen entworfen, die in allen Mitgliedstaaten gültig sind [10]. Es ist daher angebracht, als eine weitere Sicherheitsresolution ein solches Modell der finanziellen Sicherheit als Basis bei gleichzeitiger Möglichkeit der Vornahme nationaler Korrekturen durch die Mitgliedsstaaten auszuarbeiten.

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WHERE ECONOMY MEETS BORDERS: THEORETICAL CONSIDERATIONS

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Abstract: *The goal of the paper is to examine the significance of borders in economic world. Forming multiple dimensions of borders; the analysis is focused on two aspects: borders as state-related phenomena and borders as social constructs and institutions. The present theoretical research emphasizes the economic significance of the differentiation function of borders for both nations and firms while designing their economic policies and business strategies. The conclusive part identifies possible directions through which connections between economic processes, decisions and border issues can be studied.*

Keywords: *borders, border functions, differences, social boundaries*

INTRODUCTION

Scholarly studies on borders have developed intensively through the 1980s and 2000s, partly as counter-narrative to increased globalization debates (Kollosov & Scott, 2013). Today there is rich theoretical as well as empirical literature which analyzes borders and bordering practices from the perspective of various disciplines, such as international relations, human geography and anthropology, sociology, cultural studies, tourism and migration studies, etc. They analyze the course of border creation, dissolution and changes and their impact on various groups and societies, as well as the reflection of borders by these groups and societies. Economic literature that deals with borders as certain of forms organization of social life does not go deep into the analysis of the contents, nature and characteristics of borders. Rather it is focused mainly on their economic effects or the functions they perform in economic life.

The wide-spread approach in economics is to take national borders as exogenously given variables (Alesina, 2003). Economic theory identifies them with barriers, higher uncertainty and higher transaction costs. Neoclassical economics regards the exact form of the boundaries between nations intrinsically unimportant for long-run economic performance (Nordhaus et al, 1991). This can be explained by the assumptions about perfect competition, free trade and perfect information underpinning the neoclassical theory. But in real world borders are part of the complex economic environment and they need deeper economic analysis.

Despite this the majority of economic literature gives one-sided understanding of borders by focusing on mostly the barrier function of borders, while other functions are disregarded. The present paper shows that differentiation function of borders matters in economics at both micro and macro levels. First of all borders are state-related phenomena. States are the agents, who bear the responsibility to set and control borders. They determine and if necessary make changes in the regimes for the movement of economic flows within the limits of their borders and hence affect how and where economic activities take place. Therefore borders have an important function to differentiate among states (nations), and they draw the dividing lines between economic systems and policies. Meanwhile as a result of the development of multi-disciplinary border studies the scope of understanding borders has broadened beyond their political and physical-geographical dimension. Borders consisting of political, institutional, social, economic, legal and administrative layers have complex nature. Thus on the one hand borders have spatial and territorial dimension and take the material form at the edges of states (Paasi, 2011) and on the other hand they function in conceptual, non-materialized terms. Borders either in material or non-material sense affect economic decisions and processes.

BORDERS AS DIFFERENCES: MACROECONOMIC ASPECTS

It is widely accepted that borders create (or reflect) difference and constitute the separation line between states and geographical spaces (Newman, 2006), or groups of people. In this section we examine several aspects of how differentiation function matters in economics. The simplest understanding of borders is how they make distinctions among countries, separating internal economic systems or environments from the external ones. International economics theories and empirical studies as well give the fertile grounds for analyzing the differentiation function of borders, as well as other issues at the intersection of borders and the economy. Diverse forms of international economic cooperation, cross-border transactions, regional integration and economic globalization issues are the topics closely related to borders. The theory and policy-making in international economics either implicitly or explicitly involves borders. Studies highlighting the impact of borders and distance on trade flows were contributed by introducing the notion of gravity into trade⁵. Later a number of studies based on that model showed, that borders sharply reduced trade volumes (McCallum, 1995). Border effects were also presented by Obstfeld & Rogoff (2000) as one of the puzzles of international macroeconomics, while Anderson & Wincoop (2004) showed that, border associated policies are very costly, even when

⁵ for more information see Tinbergen, J. (1962), *Shaping the World Economy: Suggestions for an International Economic Policy*, New York.

formal barriers between countries are low. The authors also illustrated the importance of geography and borders in bilateral and international trade. There are examples that two neighboring countries surrounded by other large trading economies trade less between themselves, than if they were surrounded by unsettled territories (Anderson & Wincoop, 2004).

Economic agents engaged in international economic activities first of all encounter, cross, can affect and are affected by national borders, with their specific institutional, social, cultural and political contents. Borders matter inasmuch as they make distinction between domestic and foreign economies as separate economic spaces. Borders can take the form of formal barriers and institutions to separate countries from each other, or act as cognitive and conceptual phenomena. Even from the viewpoint of classical and neoclassical trade theories with no trade barriers and transportation costs the notion of international economy is meaningless unless the world is divided by borders into different areas. In absolutely open world borders matter because they determine international division of labor. Countries differ in national features that shape the structure of foreign trade. These points were already emphasized by Ricardo as country differences in labor productivity. Similarly within the Heckscher-Ohlin theoretical model of trade, borders have the function of differentiation among countries according to their factor endowment levels. Relative abundance or scarcity of physical, technological and human resources determines the patterns of international specialization and trade. In neoclassical economic theories borders coincide with differences, neither necessarily implying physical lines in a space, nor having administrative or institutional restrictive capacity. These differences represent the source of cross-border cooperation. Countries trade because they differ in resources or preferences, capital moves across countries because of differences in the rate of returns and labor migrates because of differences in wages. As a result of trade, goods prices are equalized and factor movement leads to factor price convergence. In this framework borders are considered characteristics of a fragmented world economy (Pellerin, 2005). Integrated economy and world equilibrium excludes borders because the development of free cross-border economic cooperation eliminates differences and hence, the significance of borders. These paradigms were extensively applied to formulate optimal trade policies considering such issues as conflicts of interest between different groups in society concerning the desirability of open markets and the impact of trade policies including free trade agreements and multilateral trade negotiations (Helpman, 2012). Thus, these theoretical approaches considerably affected the bordering and ordering of cross-country economic relations throughout the XX century.

The fact that countries take a certain territory and function within the limits of a territorial space was taken for granted in international economics

until the development of scale economies based theories of international trade and the new economic geography. These theories paid attention to what is happening inside the national borders as the nation itself and its economic policy was put to the forefront. Because national economic policy determines resource allocation, production patterns and the position of a country in the international system, borders as distinctions among countries assume their importance through their economic policies. From the economic point of view, national borders are interesting not because of their physical and geographical characteristics, or because of their location in the space, but because there are governments behind borders, whose policies affect the patterns of production of goods and factors (Krugman, 1991). Large market size matters in reaching scale economies, so trade enables to overcome market limitedness. Considering the benefits of trade the most important aspect of economic policy is how it ensures matching the demands of international market with those of domestic market.

The economic policy largely depends on choice of a state. Countries may choose open border and free trade policy or some degree of protectionism, therefore the main point from economic geography perspective is that countries should be defined by their restrictions (Krugman, 1991). Thus, by contrast with neoclassical world of "zero borders", in economic geography framework borders are more salient as barriers and obstacles to economic activities, but obviously they also have the function of making distinctions among the economic policies of various countries. The degree of openness or restrictiveness is important because of their effects on agglomeration processes. The abolition of border obstacles affects trade, investment flows and labor migration as well as the location of production. There is evidence that under free trade regime industries move closer to border regions so as to import intermediate goods from and export final products to international markets more easily. Empirically Hanson (1996) studied the case of the trade liberalization in Mexico and showed that dismantling of trade obstacles led to a relocation of firms aimed at the large US market and similarly manufacturing production in the United States relocated to regions to the Mexico-US border. There is also evidence from Central and Eastern European countries, where manufacturing relocated towards the border regions as they became integrated to the EU market. Currently as new countries get integrated with the EU through Deep and Comprehensive Free Trade Agreements (DCFTA), such as Moldova, Ukraine and Georgia, new cases of industry relocation and border region formation emerge. Changes in industry location, structure, linkages and consequently regional economic development aspects of DCFTA implementation represent one of the important research issues in these countries. Economic integration is a powerful force that makes changes in borders and bordering processes and government policies affect the way

the internationalization of economic activity is led (Krugman 1991). Every time economic agents encounter states, the question of borders is raised as they indicate to the limits of spreading of national economic policies. Adapting national economic policies to the new realities, each government has to make choices about how best to manage the way its own economy is linked to the global economy. Therefore, border construction and re-construction processes are inseparable from the processes of formation and concretization of economic policy priorities.

Country differentiation on the grounds of economic policies does not necessarily coincide with political borders. From pure economic viewpoint the location and the form of political borders are unimportant compared to the technological, resource, socio-economic and regulatory division of the world. Comparison between jurisdictions is essential for firms when making investment decisions as well as for the states when they engage in local competition to attract mobile production factors of the world (Siebert, 2007). Free economic zones and offshore economic jurisdictions, although territorially located within states, rely on regimes that are entirely different from those acting on the other parts of the state. Thus economic borders can exist within and outside political borders.

MICROECONOMIC ASPECTS OF BORDERS: INTRA-COUNTRY HETEROGENEITY AND SOCIAL BOUNDARIES

Borders encompass a number of important material and non-material dimensions. Tariffs and non-tariff barriers, customs procedures, visas and other administrative and regulatory measures are tools to control economic space or set the conditions for the interaction between internal and external economic spaces. Along with acting in formal institutionalized manner, borders also act as social constructions, delimited and demarcated by people and may be perceived by people in places where no physical boundary exists (Newman, 2003). In this context the significance of borders go further beyond the material manifestations of spatial limits of jurisdiction, as borders are cognitive and conceptual. Conceptual borders find their manifestation in individual or social preferences that are embedded in certain cultural and institutional settings. Preferences of doing business with certain countries or groups and nationalities, is an examples of how conceptual borders are revealed in everyday practice.

Borders as conceptual constructs gain economic importance because economic agents face costs and risks of building business linkages without prior knowledge of host countries' attitudes and preferences. They need to overcome borders in the sense of contradiction between "familiar" and "unfamiliar" or "approved" and "strange". They have to effectively manage the differences across countries, which may stem from natural conditions, such as physical distance and geography, or from man-made institutions and

barriers (economic development levels, institutional development levels, socio-cultural differences, language differences, etc). If addressed effectively they can create huge opportunities or otherwise bring huge costs to international transactions. Conceptual borders have microeconomic implications. Factors that differentiate foreign business environment from the domestic one impose the "liability of foreignness" on international firms and act as conceptual borders in their restrictive sense. The bigger the liability of foreignness firms is the less successful abroad. Eden & Milner (2004) emphasize the role of institutional distance (cognitive, normative, and regulatory) between home and host countries as the key driver behind the "liability of foreignness". It mainly affects firms' adversely by creating social costs of doing business abroad, which arise from the unfamiliar, and/or discriminatory environment in the host country. Considering the above, borders as multidimensional constructs emerge and gain economic significance in the course of interaction, contact and cooperation among the economic agents. They matter in economic exchange even among the countries which do not share common political borders. Therefore they need to be adequately assessed while designing strategies for foreign markets.

The conceptuality of borders refers to firms as well as countries engaged in international transactions. Actually the effects of borders as manifestations of direct trade barriers or socio-economic, institutional and cultural differences across countries depend on the broader environment they act in. They can either create greater opportunities and empower cooperation, or serve as restrictions to economic activities. Firms can benefit when the decision to undertake production abroad stems from the low production costs in domestic market, or is related to a competitive advantage that comes from foreign marketing and sales of the products that are adapted with local preference. For some firms functional changes in borders create incentives to engage either in trade or international investments but for others the same functions create losses, confine them to domestic market or even make to exit. Thus borders that are open for some actually are closed for others (Newman, 2006). The heterogeneous firm model by Melitz (2003), illustrates how reduction in trade costs induces high productivity firms to expand internationally via exporting, while less productive firms stay domestically oriented. Firms with the highest performance levels can afford shifting their production abroad and became multinational. Economies respond to changes in trade costs along with new margins, such as the extensive margins of the number of exporting firms and export products (Melitz & Redding, 2012). The functions of borders tend to be asymmetrical depending on the types of dividing lines they draw among firms and industries.

National borders are by no means the delimitations of uniform spaces and societies. Internal societal differences and social boundaries with their

economic roots and consequences were covered already by Weber in "Economy and Society"⁶. At present economics of conflict and research into the effects of fractionalization of societies according to their socio-cultural, ethnic, language and religious characteristics contribute to the understanding of borders where at first sight they are absent. At the societal level high heterogeneity (values, preferences, culture, etc) may generate direct benefits through greater competition, learning, specialization and exchange of ideas. Thus on the one hand societies can benefit economically and culturally when people have different preferences and characteristics (Spolaore, 2012) but on the other hand high heterogeneity may generate social tensions and conflicts and act as the impediment for the growth and development. Desmet et al (2011) find that economic differences between the Yugoslav republics determined the order of disintegration, but cultural differences, though small, whereas it is the key to the country's instability.

Intra-country differences also can act as conceptual borders. They tend to designate material borders (Paasi, 2011) and ultimately lead to the complex interaction of "internal" and "external". There are economic mechanisms of producing boundaries from internal heterogeneity as "objectified forms of social differences manifested in unequal access to and unequal distribution of resources (material and nonmaterial) and social opportunities" (Lamont, 2002, p. 168). Unequal access to resources leads to under-exploration of the economic potential and losses. When internal social boundaries hinder economic actors to engage in economic transactions with other groups, both the output level and efficiency of the economy may fall. International organizations such as World Bank and OECD have paid special attention to the role of growth policies that aim at creating equal opportunities in terms of access to markets, resources and unbiased regulatory environment for businesses and individuals⁷.

Like borders in general, social boundaries represent themselves an endless processes. Movement from one state or context to another illustrates how they divide and connect at the same time different groups and peoples and create certain transitory spaces of contact. Transitions and movements of this kind are inseparable from economic transformations that follow trade policy reforms or deep technological changes. The examples can be painful processes of movements of labor force along low-medium-high skilled categories, as well as production-structure changes and country-level, industry-level and firm-level allocations of income and resources.

⁶ for more information see Weber M. (1978), *Economy and Society: An Outline of interpretive Sociology*, Guenther Roth and Claus Wittich eds. University of California press.

⁷ see <http://siteresources.worldbank.org/INTDEBTDEPT/Resources/468980-1218567884549/WhatIsInclusiveGrowth20081230.pdf>; <https://www.oecd.org/inclusive-growth>; <http://www.undp.org/content/undp/en/home/blog/2015/7/31/What-does-inclusive-economic-growth-actually-mean-in-practice.html>.

CONCLUSION

Borders as multi-aspect and multi-dimensional phenomena require multi-disciplinary approach in which economics can have its valuable contribution. In economics borders perform functions that go beyond their spatial and territorial dimension and act as certain forms of organization of social life at local, national or international levels. Along with broadly accepted barrier function of borders, the differentiation function has far-reaching economic consequences. Differences across countries, regions, economic policies or groups of people can affect trade and investment flows, competition, economic efficiency and growth.

There is room for economics to go beyond the focus on political borders and study the connections between borders and economic processes in more diverse directions at both macro and micro levels.

Borders are permanently formed, removed and changed. Therefore the economic roots and consequences of border movements in different contexts, as well as their impact on economic decisions and choices can always be within the focus of economics.

Borders perform multiple economic functions beyond their restrictive (barrier) role that need better analysis. They can be related to the diverse forms of exclusion and inclusion and be both reasons and consequences of economic changes. Economic science can contribute to the study of the causes and effects of the boundary emergence, crossing and elimination issues. Simultaneously the nature of such changes point to the strengths and weaknesses of national economic policies. Therefore economic research on borders and boundaries should also reflect the policy aspects and help to design appropriate economic policies depending on country-specific economic and institutional environment. Integration of borders into economic policy-making (i.e. while designing inclusive growth policies) and business strategy design is inevitable in today's heterogeneous world.

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MODERN INTERPRETATION OF MALTHUS'S THEORY OF POPULATION

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Abstract: *Malthus's Essay on the Principle of Population argues that it is impossible continuously to improve the life of human society due to the law of nature, according to which the number of population increases in a geometrical ratio (1, 2, 4, 8, etc) and subsistence only in an arithmetical ratio (1, 2, 3, 4, etc). According to Malthus, the poverty reason is unfavorable ratio of population growth and the subsistence growth. Malthus supported the idea of the birth rate reduction. But the history showed that his idea is groundless. Absolute overpopulation has never been observed in any country. However, Malthus's Essay on Population caused great argument worldwide. In 20th century some scientists approved his ideas. Some of Georgian economists also share his ideas. For example, professor A. Jibuti thinks that humanity should be grateful for his warning. But differently thinks A. Silagadze, who notes, that Malthusian theory is absolutely inadmissible. Professor Chumburidze remarks that Malthus is an odious figure in the history of economical thought. Professor G. Mankiw considers that the Malthus's ideas are the worst predictions for mankind.*

Keywords: *Malthus's theory, population, debates, modernity*

INTRODUCTION

Profound changes have taken place at the beginning of the XIX century in the economic life of the world. Factory production has developed rapidly thanks to the industrial revolution in Western countries. Unlimited by law regime of the private agreement was introduced in English and French industries; economic liberalism has reigned supreme. The new machine industry got rapid development. The state does not interfere in the organization of the industry, to the employee relations with the employer. Corporate regime is completely gone. At the time capitalism won the final victory over feudalism, there was significant progress in the development of society, the members of which were legally free from any caste relations. At the same time, the antagonism between landlords and capitalists began to emerge clearly. There is a new phenomenon, i.e. the periodic economic crises caused by the overproduction of goods (the first was in 1815; the second was, heavier; it has been in 1825), associated with unemployment; population problems intensified [1, p. 115].

All of this has caused the emergence of a new direction in the economy, whose supporters recognize the contradictions and flaws of the capitalist economy. They were called pessimists, because they did not believe in the ability to fight with these vices by both legislative reforms and with the help of organized action by all members of society. According to the French economists Sh. Gide and C. Rist, the proponents of this direction did not believe in what is called progress [2, pp. 69-70].

MATERIALS AND METHODS

Pessimistic trend in the economy originated in England, its founder was a village priest, professor of economics at the East India College of Thomas Robert Malthus (1766-1834). In 1820 the book of Malthus' "Principles of Political Economy" was published, which brought him a first-rate economist name. In 1798, T. Malthus published without the author's work "Essays on the principles of the population as the impact of future improvements". This work was later published six times under the title "An Essay on the Principle of Population". Malthus argued that long-term improvement of the situation of the people is impossible that any laws to improve the lives of the poor people only increase their number, because livelihoods are growing slower than the population growth. According to Malthus, for all living beings are typical eternal desire for faster fertility than it is possible due to lack of food [3, p. 10]. According to Malthus, human nature has the instinct that makes him a victim of vices, hunger, death and unemployment; and pauperization of the population are a consequence of the nature laws. Unlimited reproduction of plants and animals on earth is limited downside territory and food [3, p. 14]. The same laws are acting in both society and in the nature, according to which the population doubles every 25 years, i.e. it is growing exponentially, while the means of food cannot grow faster arithmetic progression [3, p. 18]. With the help of mathematical calculations Malthus proves its law on population. For these calculations, the ratio between the population growth and increasing subsistence in two centuries should be 256 : 9, in three centuries 4096 : 13, etc., and after two thousand years the ratio would be infinitely large [3, p. 19]. Exit of the situation Malthus saw in fertility regulation. To have enough food for the population, it is necessary that the reproduction delayed by acting some higher law [3, pp. 19-20]. Moral self-control, depravity and misery must be limiting factors [3, p. 34].

In his mathematical calculations, Malthus relied on the population growth in the British colonies in the Americas in the XVIII century. According to Malthus, in the interior of North America, where the only colonists' activity was farming, and the population within a half centuries doubled every 25 years. Moreover, where there are no vices and harmful

urban crafts, a doubling of the population occurs every 12.8 years. Referring to W. Petty, Malthus states that in very favorable conditions, the population can double every 10 years. Malthus concludes, if the population reproduction is caused only by birth, it grows exponentially and doubles every 25 years [3, p. 14]. However, in their arguments, he did not consider that the population of America has also increased due to immigration. History has denied the idea of Malthus. Any country has not absolute population abundance. In some countries, such as France, the population grew slowly, in others it happened fast, but never had it gone ahead of the wealth growth.

Prof. G. Todua noted that the fact of the rapid population growth in some countries is not a planetary phenomenon. If we assume that the law of Malthus is correct, then to the 60's of XX century the world's population would reach 61 billion [4, p. 85].

T. Malthus believed that the increase in food production depends on improvements already used land. In turn, the ground improvement process may not be endless, and over time the food production will decrease. Undoubtedly, Malthus noted, population growth is much higher than the land fertility, and that even under the most favorable working conditions, the rate of increase of production cannot be higher than an arithmetic progression [3, p. 18].

Malthus' law of decreasing soil fertility has been recognized by British scientists T. West and D. Ricardo, as well as French scientist A. Turgot and others. They believed that soil fertility is decreased with time and the products' growth is possible only with extensive agriculture; they could not foresee that sharp increase in soil fertility can be achieved through investments and intensification of agriculture under conditions of scientific and technological progress. Even the wasteland, the worst in terms of fertility, can be significantly improved by agro-events. As the Georgian economist M. Chumberidze noted, it can be argued that the predictions of T. Malthus did not materialize due to the huge scale of the food production growth, on the one hand, and a decrease in fertility in industrialized countries, on the other hand. Today, the world produces enough food to feed a growing world population, but it is not always available for the population of the poorest countries due to lack of funds for its purchase [5, p. 45].

While Malthus's theory is not based on a scientific basis, Malthusianism currently has its adherents among economists and political scientists. These include American economists W. Vogt, E. Pendel, D. Spangler, R. Cook, the British economists O. Puxley, D. Dawson, A. Betruisl, French economist P. Reba, German economist A. Fogle, some Georgian economists.

Malthus's ideas are still the subject of ideological and political debates. Some believe that T. Malthus is the great predictor, which theory is valid today; according to others, his ideas are wrong and unacceptable [5, p. 45].

In 2004-2005 the Malthus' work "An Essay on the Principle of Population" was published in two volumes in the Georgian language. In review of Professor A. Djibouti says that mankind should be grateful to Malthus for his work, avoiding the possible negative effects of population growth [6, p. 61]. The dynamics of the world's population growth and the analysis of living standards show rightness Malthus' views. The fact that population growth is outstripping the growth of food [6, p. 61]. A. Djibouti notes that, according to UN forecasts, the population of the earth in 2015 will reach 7.5 billion, and by 2050 – over 10 billion. Further author argues that the Malthus' doctrine is based on the real scientific findings that confirm the rate of world population growth. Everyone has the right to have its own opinion. However, there are other opinions.

For example, A. Silagadze indicates that the Malthus' theses often have cost negative feedback. The suspicious nature of its preconditions also casts doubt on his theory of population. Silagadze believes that the Malthusian theory is completely unacceptable [7, pp. 117-118]. According to M. Chumburidze, Malthus is an odious figure in the history of economics [5, p. 44].

Marx appraised the Malthus' work as elementary, surface, clerical, declarative and plagiarist work, there is no independent thought [8, p. 622]. He told that Malthus steals theory from their predecessors. His authorship belongs to nothing except arbitrarily used two progressions [8, p. 180]. A. Djibouti notes that Marx's view is not entirely correct, and argued that Malthus has been criticized undeserved since Malthus was recognized all over the world [6, p. 58].

Let us consider how the Malthus' theory has been evaluated abroad. Harvard University' professor, Head of the US president's economic advisory committee in 2003-2005 G. Mankiw in his book "Principles of Economics" writes that Malthus's ideas are the most terrible prophecy in human history; that the permanent population growth will weaken society's ability to keep itself and that mankind is doomed on permanent poverty [10, p. 538]. Mankiw writes that Malthus relied on simple logic in his theory, because food is necessary for the existence of human beings; that the sex drive will never disappear; that the ability of infinite population growth exceeds the resource potential of Earth to feed mankind. According to Malthus, uncontrolled population growth will end suffering and sorrow. All attempts of authorities to overcome poverty will be in vain. The poor people will bear more and more children that will lay down a heavy burden on overloaded society [10, p. 538].

Modern American economists E. Hunt and M. Laitzenhaizer believe that Malthusian theory had to make a great intellectual influence. It formed the basics for the creation of the Darwin's evolution theory. Normative orientation of Malthusian theory says that poverty is inevitable and nothing can be changed in this direction. In general, poverty is caused by the weakness of the poor people and low morality [11, p. 65].

Fortunately, Malthus's predictions were far from reality. Despite the fact that over the past two hundred years, the population of the earth has increased six times, the living standard in the world due to the economic growth has become many times higher; chronic poverty rate become significantly lower than in Malthus's days. Rampant hungers at times in the poorest countries, but the reason is political instability or uneven income distribution, rather than lack of food. Fertilizers, plant protection products, new varieties of cereals, extensive mechanization of agriculture and other technological advances, which Malthus had no idea, they help to produce enough food [10, p. 538]. Russian economist Ya. Yadgarov indicates that, in fact, the central idea of the Malthusian theory about the influence of the number and the rate of population growth on the society welfare, in principle, is correct and up to date. However, his calculations were unrealistic [18, p. 85]. At the same time, the number of employed in agribusiness has decreased considerably due to the increase in labor productivity. For example, one farmer in Japan can feed 14 people, in Western Europe – 19, in the United States – 59. The US agribusiness only 2.5% of the working population is hired. All this became possible thanks to the use of highly productive machines, the widespread mechanization use, developed infrastructure [13, p. 533]. In some East Asian countries, e.g. Singapore, South Korea, Taiwan, income have increased over the last decade by an average of 7% per year, i.e. doubling every ten-year [14, p. 513]. In the US, real GDP per capita in 1870 was \$ 3412; in 2003 – 37 000 despite the fact that the annual growth rate stood at 1.82% [14, p. 522]. In 2008, GDP per capita in Luxembourg was \$ 64 300; in Singapore 47 900 [15, p. 208]; in Norway \$ 97 730 [16, p. 208].

In the middle of the XX century in the temperate zone countries, where population density is high enough, there was an acute shortage of food. UNESCO stood the task to receive the new high-yielding varieties of crops for scientists of the world. In Mexico, a group of American scientists led by Professor Borlaug selected breeding varieties of crops, which give to the same land for three harvests a year. In Asia, breeders have new varieties of rice, allowing increasing the yield from 8 to 45 quintals per hectare, in the Philippines to 120-130 quintals. We also selected new varieties of wheat, such as "Caucasus", "Stavropol", raising the yield from 8.5 to 40-45

quintals. Such selection has been named the "Green Revolution". According to the calculations of some scientists, the Earth can support 100 billion people. Huge marine resources are possible to add to the earth's resources; it is planned to use the resources of other planets. The human mind is infinite and when it will be necessary, people will create new ways of getting food. Today, China has the largest population, over 1 billion 340 million. China produces so much food that exports abroad. It should be noted, that "Malthusian law" acts still in China, according to which, in some overpopulated provinces (Shanghai, Nanjing and others) it is forbidden to have more than one child in the family. Today in China, the removal of this restriction discusses, because high rates of industrial production growth may cause labor shortages. In China, the employment rate is 60.2%, i.e. 721.4 million people [17, p. 47].

RESULTS

Abovementioned examples can prove that the artificial restriction of the natural processes is not justified. It should be reminded that in the middle of the XX century in China mass extermination of sparrows began, believing that they destroy a large part of the crop. As a result, productivity has fallen. It turned out that the sparrows brought more positive than harm, destroying agricultural pests.

In conclusion, we have to note, if birds can do good deeds, then people can do the same. A striking example is China, where, thanks to the huge human resources and other factors, industrial and agricultural production has been steadily increasing. It is predicted that by the middle of the XXI century in terms of GDP, China will rank first in the world.

CONCLUSIONS

Summarizing all the "pros" and "cons" of the Malthus's theory, modern English economist M. Blaug points out that even a hundred years debates on the population theory "it can be interpreted in order to conform to the criterion of denials (in this form it could be denied)" [18, p. 653].

It is generally known that human population grows only under favorable environmental conditions. Otherwise, rapid population growth is impossible. Even in the hive, queen bee produces eggs with each pollen delivery by workers bees from fields. Rapid population growth in the Americas during this period was due to the high immigration level and good farming conditions for abundance of subsistence means. Malthus's followers have to understand that it is impossible to sow the pessimism seeds in the society. It is said – a person lives with hope.

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COOPERATION OF ECONOMIC SUBJECTS IN COURSE OF INSTITUTIONAL TRANSFORMATIONS IN AGRARIAN SPHERE

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Abstract: *This article gives a definition of cooperation of economics subjects, approaching organization of institutional and economic foundations and the cooperation of economics subjects in agrarian sphere. The subject of social partnership is top-priority direction of business development, the system of guaranty and protection of economic interests of each cooperation participant.*

Keywords: *cooperation, economic subjects, agrarian sphere, institutional foundations, social co-partnership, adaptation, exchange, transformations*

INTRODUCTION

Cooperation of economic entities represents an agreement process of actions, which suppose mutual influence between them and their adaptation to economic changes. As a dynamic process cooperation determines requirement of the agreement of economic interests, which realize and develop on the feed-back principles. On the one hand, cooperation envisages connection between the appearances, which interdependent and dies into each other [1, p. 9]; on the other hand, cooperation is a changing process of conditions to develop adaptation, functions and emerging qualities.

Cooperation of economic entities is the process of developing cooperation terms, action agreements about satisfying the requirements for attaining theirs aims, reap benefits and instate mutual adaptation to the institutional changes. In the modern free market economics, cooperation arrangements of economic entities are based on cooperative principles, rivalry and agreement of the part interests [2]. In our article cooperation could be disposed as: exchange of actions between the subjects; mutual influence of subjects; adaptation to the institutional changes; agreement of economic interests.

MATERIALS AND METHODS

Complexity of cooperation developing between economic entities in agrarian sphere is shown, from the one side, in a slow institutionalization process, and from the other side, in a formation mix in agrarian economics, which effects and functionary depends on the realization of coordination principles, cooperation and integration. In this case, transformation the

economic terms in agrarian sphere leads to resynchronization of their interests. Acting credit form, tax burden and prices disparity show the negative influence to results, because the interests of agricultural manufactures remake factory and agricultural services non-functional. The variety of business pattern forms, breach of functional and production assignment between agricultural factories and regions, absence of cooperation institutes between business, ascendancy and economic entities promote the growth of precaritet in agrarian sphere and fall of the level of management in agrarian economic sector [3].

In this case, administrative methods for free manufactures don't work, but economic and institutional methods are ineffective. All these things need reframe the acting model of management relations in agrarian sphere.

RESULTS

Institutional relations in agrarian complex are developed in a process of agent cooperation and subjects in economic, which are the main sufficing mechanism and agreement by the difference of interests and by right of social norms. Agreements between entities of cooperation attain by using agreement procedures, agreement on cooperation and formation balanced priorities of developing economic relations in agrarian sphere. If it would be a high level of agreements of interests, the economic activity should be more effective, because the guaranty is falling of transaction expenses.

The subjects of cooperation in economics of agrarian sphere are: agricultural cooperation, financial-producing group, agrarian corporate, agrarian combine, agrarian allocation block and separate manufactures.

One of the tendencies of developing agrarian sphere is the factories aspiration to form the cooperation and partnership, making chain of agrarian producers' movement from agrarian factories to retail business. At the moment, the sphere of fabricated parts and remaking consumer cooperation becomes one of the main connection elements between agrarian manufactories, consumers and determine economic status of state especially the life quality of agrarians. In such way, economic cooperation realizes the cooperative relations, promotes to produce new institutional rules for participants of market transactions. "Big" players creates cooperatives strategies, realize more stabile relations for cooperation [4, p. 181].

It is noteworthy that huge agrarian manufactories and agrarian holdings are more active in cooperation contacts and institutional relations. Appoint stabilization role in realization relations is gained by agrarian holdings, combine, allocation blocks and other structural elements. They have a high level of adaptation and take part in process of double adaptation. As an effective form of economic actions, these entities have capability to be flexible and surgical react to economic, institutional and market changes. Integrated structures are multifunctional and more than others can develop

the relations of rivalry. So, in the conception of developing native agrarian economic, agrarian allocation block is defined as multidimensional-connection system of organization forms (agrarian manufactures, personal factories), which aimed at integration with synchronous and connection creating the solution for problem of protecting environment and implementation in producing innovative technologies.

Institutional principles of cooperation have an aim-getting balanced partnerships and making motivations for promotion social responsibility in agribusiness. The main object resides in making the events, which must take mutual profit of interests. The institutional principles are: possibility to choose the behavior strategy, partner; obligation for all entities; foundation of the institutes of cooperation (adaptation and social responsibility).

Economic principles are founded on partnership system of cooperation and realized in such forms as "exchange", also as social partnership between the economic entities. The special aspects of "exchange" model can belong to: resources exchange by the relations, achievement of high effects of agrarian manufactories, which are based on agreement of interests of agribusiness, government and society; complex programs of social and economic cooperation. Cooperation, which is based on "exchange" system, might contain two factory groups, those who are involved and those who are not involved. First group are close to regional authorities and possibility getting subsidy. However, the foundation of social partnership is aimed directly on economic entities that must be equal in a process of cooperation. If manufactory wants to come in partnership, entity must assure another one who offers cooperation in order to solve problems. If they do not become partners they cannot solve these problems alone or these problems might be solved with big expenditures of resources (financial, material, time, etc.), to sum up, less effective.

DISCUSSION AND CONCLUSIONS

As can be seen from the above, the subject of social partnership is top-priority direction of business development, the system of guaranty and protection of economic interests for each cooperation participant.

The main aim is to get effective cooperation based on realization of partnerships, which are: 1) foundation of the institute of cooperation based on inner-entities relations; 2) stimulation of developing local institutional organizations based on governmental order and competitive mechanism of realization social-economic projects and grants; 3) using different ways of motivation in partners system (factories competitions, indexes of social responsibility, governmental regulations, standards and norms, subsidies, tax credits and non-tax credits); 4) control for responsibility accomplishment with responsibility of each partner, monitoring of partners effectiveness

(consideration method, social reporting, social diligence, indexes of social investments, responsibility for unauthorized purposes, which offers grants or government regulations).

The organization of the partnership development process is based on objective requirements and the principles, such as: 1) democracy, legality, voluntariness, equality of rights; 2) humanism, social solidarity, social justice, economic activity freedom, trust relations; 3) cooperation, mutual exchange of necessary information, obligation and responsibility in agreement and contract performance; 4) tolerance, compromise, consensus.

One can participate in partnership and take on any social responsibility only voluntarily. If representatives of agribusiness are doing more than necessary, it indicates their high level. Only agro-structures that have reached high level are ready to try the social partnership standards. At the same time the implementation of these relations is controlled by the interaction of the institutions. It is a multilevel process, where agricultural enterprises can find their niche depending on management forms.

The effectiveness of the economic agents' interactions determines necessity of the following agreements formulation and implementation: 1) formation of the interaction mechanism between the subjects of the program, which distributes the tasks between participants according to their purposes and possibilities; 2) making contracts (medium and long term); 3) coordination and adaptation developing mechanism by the interaction between the participants of the economic and institutional changes conditions. These measures of implementation will ensure the economic institutionalization process in the agricultural sector.

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THE MOOC BUSINESS MODEL: THE E-BUSINESS AND AUTONOMOUS WORK INFLECTION POINT IN HIGHER EDUCATION?

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Abstract: *Distance learning, which co-exists with traditional classroom education, was definitely not born in the "cradle" of the Internet, though it is true that the World Wide Web has brought about significant changes in the portfolio of education tools. One of these changes is the appearance of Massive Open Online Courses (MOOCs), which were launched a few years ago, offer unrestricted participation and free online access to university courses to millions of students and spread like a virus. Our paper attempts to answer the question of whether an MOOC is a major technological innovation or a new business model is being born.*

Keywords: *MOOC, e-business, wkinomia, e-learning, distance learning, online learning*

INTRODUCTION

Distance learning, which co-exists with traditional classroom education, was definitely not born in the "cradle" of the Internet: according to Pomerol's 2015 book, the sending of audio and video cassettes, television, radio and, finally, the Internet are all links in a "chain of development". So far, each info-communication technology has met with the active acceptance of those who study in different places and/or at different times [1].

We know many examples to the spreading of the use of the Internet in education: education institutes integrate nearly all ICT tools into their processes, in the form of electronic pupil's books of school records, lecture books, computer-based exams, the digitized presentation materials of lectures, and so on.

But as the Internet has become integrated into the corporate value creating process (e-business), which is not the equivalent of e-commerce or online marketing, the question has by now become rather specific in education: is an MOOC just another technological innovation, i.e. the integration of web2 into the practice of distance learning or are we facing a new business model, which will eventually also transform the value creating process of education institutes?

MATERIALS AND METHODS

The concept of Massive Open Online Courses (MOOC) has by now become clear in professional literature written in English: MOOCs are courses accessible via the WWW that offer unrestricted participation and online access via the Internet. Besides, compared to traditional course materials (e.g. classroom videos, presentations, texts and case studies), they also offer a wide range of additional interactive forums to users, thus supporting knowledge sharing, group work and communication between students, teachers and the education support staff. MOOCs began to be used in Anglo-Saxon university practice in 2008 but became a popular learning platform only in 2012. Taking both the theory and practice of distance learning into account, MOOCs can be considered as a topical and widely researched area of development also in distance learning curricula [2]. Autonomous works outside the school and individual learning strategies play a significant role in this scenario. The positions of traditional education vs. distance learning are shown in *Figure 1*:

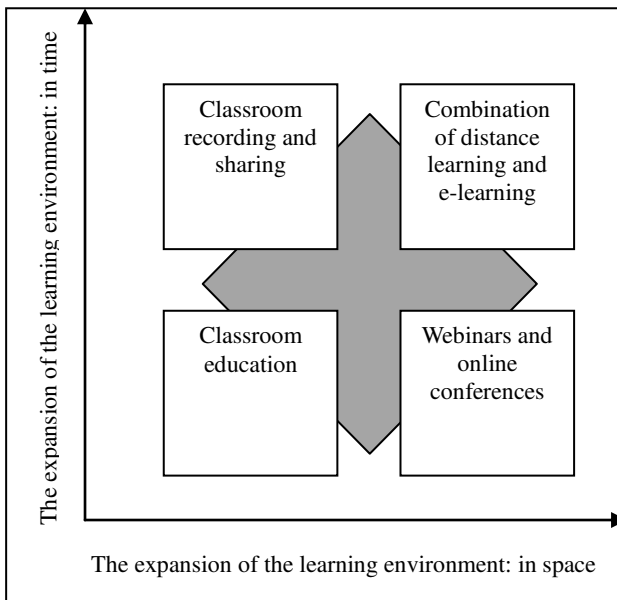


Figure 1: The expansion of the learning environment in space and time

Source: created by authors

According to the chart, MOOCs can also be integrated into the modern distance learning, e-learning frame, as a next technological building block.

Though this aspect, i.e. "mass" course attendance (i.e. by as many as thousands of students), is valid, we consider that the buzzwords "open and free" are not sufficiently explained in this model.

At the beginning, MOOCs would often highlight features related to open access like open access to content, structure or learning aims with an eye to supporting the repeated utilization and processing of resources. Many MOOCs created later also offered "closed" licenses for education materials, which do offer free access by students but only after registration [3]. According to Zemsky, the MOOC method has already reached its peak: "They came, conquered a little, and are now facing far poorer prospects".

RESULTS

Major platforms, successful service providers

Many organizations, universities, institutes and even corporations offer massive open online courses. Based upon the number of users and associated institutions, the most successful major service providers (platforms) are Coursera, Edx, Udacity and Udemy [4], which include both profit oriented organizations and NGOs, pay and free courses. Platform and associated institution numbers are continuously growing: according to the data of Class Central (class-central.com), platforms in English take the lead, and the most massive development was achieved by British Future Learn last year. The fact that there are platforms offering over a thousand, while others a couple of hundreds or a few dozens of courses clearly indicates that players are scattered according to the "long tail theory", a popular term used in e-commerce [5]. On the online higher education market, in addition to global players with millions of site views, initiatives targeting a niche or partial market also exist and survive. Examples include the Turkish, Italian or the Czech and Hungarian national platforms, which also experienced growth in 2015.

Motivating factors: from glory to a course certificate award

In our opinion, the "open and free" approach described in the first part of this paper can be classified into those discourses of the information society whose aim is to make knowledge and contents available to all: besides the markets of films, music and digitized books, several such initiatives have appeared also on the market of education contents over the past decade. Moreover, a number of economic models have been created to identify the underlying factors. In addition to the fact that glory is not a negligible aspect when a lecturer is followed by as many as thousands of students on a web platform, in the so-called "freemium business model" the basic product, i.e. the course content is free. According to some authors, selling content for money would be a tragedy. However, making a price list for premium services (like the issuance of a certificate or diploma) is a valid option but only after the content has been "consumed" [6].

The developers of an MOOC could, for example, charge license fees on institutions that use the course's materials. In recent years, the highest revenues have come from introductory or "luring" and healing related courses. Free introductory courses recruit new students, who can continue their studies after the completion of the introductory course, at fee-based lessons. Platform service providers pay a "commission" to lecturers for the recruitment of students. And students can pay to get recognizable credits.

Technological challenges: can the monitor be the new schoolbook, and what is an online exam like? On the one hand, many MOOCs use video materials for teaching purposes: they often digitize classroom lectures and other classic education scenes [7]. Many consider videos and other contents produced by MOOCs as the next generation of schoolbooks. The term "MOOC, the new schoolbook" is in widespread use [8]. However, the findings of a research by edX about students point out that students' attention cannot be maintained for a long time if they sit before the monitor: the simple recording of a classroom lesson may also be a dead-end street. Students who apply for a certificate of completion usually stop videos after 6-9 minutes. According to another set of research data, half of students watched at least 4.4 minutes of 12-15-minute video materials [9]. On the other hand, due to mass enrolment, an MOOC requires a technical background which, besides interactions, also offers tools for mass feedback supply, i.e. checking or testing. Owing to innovative education theories and methods, two approaches have spread in recent years: 1) self-checking and group cooperation by student communities; 2) automated feedback: online tests and automated grading of complex written exams [10].

In the online environment, the hardest nut to crack is assessment: creating and maintaining trust and the use of online assessment methods are rather different from the classic assessment methodology.

For this reason, special attention is paid in MOOCs to supervision and the identification or prevention of potential cheats [11].

Group checking (checking by other students) is based upon sample answers or multiple choice questions: these enable the person who performs the checking to easily decide how many points to give for different answers.

It should be noted that, in group checking, the portfolio of assessment methods cannot be so broad as if checking were done by a professional education staff.

The advantages of group checking include the facts that students who check others learn while they perform their work and that, as a result of this activity, they become more committed to the course [12]. Exams can be supervised in regional exam centers, or as alternative, technical tools for home exam monitoring can be applied (use of webcams, mouse usage or typing habits, algorithmic recognition of patterns).

Special technologies have been developed recently, including the adaptive testing method, with which the actual test is tailored to the actual student, based on his/her former answers, by asking easier or harder questions, depending on the given student's knowledge.

Business modeling: a proposed e-business-based approach

In relation to this topic, we consider that MOOCs are worth examining from a manager's angle and that the current situation ought to be analyzed with a model that reflects changes in business life. The e-business model used for our analysis has been assembled of the factors defined in the related book of Nemeslaki, András, who identifies change indicators as follows [13]: 1) market expansion; 2) dynamic pricing; 3) value-added services; 4) networking, strategic alliances; 5) mass tailoring; 6) customer authorization; 7) changing the supply chain; 8) aggregation and mediation; 9) innovation; 10) improvement of corporate operation. According to the author, the added value generated by e-business in the operation of companies can be identified and described along these dimensions. When, for example, a commercial company builds a "web-shop", it is these capabilities of that company that change: among others, it expands its markets in space and time, it can dynamically modify prices depending on actual demand and it can classify its customers into categories where items of consumer feedback play a value adding role.

Taking the above aspects into account, we consider MOOCs suitable for the creation of a new higher education e-business model, in which students start their studies in a node of a network (e.g. campuses) but they are provided with education contents by all elements of the network and pay fees for the courses completed and the services taken by them at the Campus. Our opinion is that if we "crossbreed" these dimensions with higher education, we get the following "result" (*Table 1*).

DISCUSSION AND CONCLUSION

From an economic point of view, MOOCs appeared primarily as a solution to reduce costs in American education [14]. The largest platforms that have resulted from efforts to this end mainly started as start-up organizations, received capital investments and had no fine-tuned business model whatsoever. It was later that "MOOConomics" [15] came to existence, with products like course certifications, specializations and "nanodegrees". The higher education e-business model presented in our paper can further support "MOOConomics". If an institution is consciously transformed, a new higher education e-business model can really take shape, which, in our opinion, is closer to the "surfing" lifestyle of the young Y or Z generations than the classic classroom education model and practice. In this respect, the business success of MOOCs does not depend on whether purely online or hybrid courses are launched or if a synchronous or an asynchronous learning method is applied but, rather, on whether educational and institutional networks can reach a critical mass that has a higher potential.

Table 1

The e-business model of higher education

factor	adaptation in higher education	extent of change (low, medium, high)
<i>networking, strategic alliances, value adding services</i>	students can attend courses of any universities at the same time, course supply depends on the network's size	high: former practice was based on a finite number of participants (e.g. semesters at other universities, double-degree)
<i>total tailoring</i>	courses can be launched at any time, not only in September	high: former practice of "fixed" course start and end times
<i>dynamic pricing</i>	open source code approach, free joining, free course enrolment	high: former practice made tuition fee payment a prerequisite for participation
<i>market expansion</i>	for the 6-99 age group, in the "living room" instead of the "classroom", from any place in the world	medium: former practice has primarily applied the classroom approach and experienced a high level of churn during semesters
<i>customer authorization</i>	autonomous work takes precedence, individual time scheduling and progress, with continuous self-checking	high: former practice was based on a fixed timetable and was primarily built on final checking (exams)
<i>improvement of operation</i>	documentation of courses' content elements. Students are not students in the traditional sense: they learn not only from teachers/lecturers, but also from each another	high: interactive lessons replace verbally delivered lectures
<i>permanent innovation</i>	renewal of the "learning" concept, development and application of new learning techniques and methods	medium: higher education has always worked as an adaptive system

Source: created by authors according to [13]

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ENTERPRISE'S STRUCTURAL COMPONENTS ANALYSIS UNDER PRE-ADAPTATION

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Abstract: *The necessity for enterprises is to respond to challenges of external environment and to involve pre-adaptation measures is substantiated in the paper. The enterprise's structural components have to be analyzed at the enterprise's pre-adaptation within production and economic organization (PEO); they are identified and described. They are as follows: financial, personnel, technological, managerial, informational and marketing ones. The enterprise's management subsystems are characterized as well. Indicators needed for assessing the efficiency of the management subsystems of the enterprise within PEO at the pre-adaptation stage and the ones for analyzing the enterprise's structural components at the same stage are offered.*

Keywords: *pre-adaptation, production and economic organization, analysis, indicators, external environment*

INTRODUCTION

In order to maintain its viability, the enterprise must respond to the threats being faced with or adapt to them before they harm the activity of the company. Therefore, there is a necessity for the enterprise to involve pre-adaptation (the quality or adjustment of the researched object, which potentially possesses an adaptive value). The pre-adaptation makes it possible to describe the mechanism of components' functions change under evolution and to explain the paradox of new elements creation, the final function of which did not originally possess the adaptive value. Within the pre-adaptation it is possible to solve such problem of the evolutionary theory as the inability of complex adaptations development that is able to function effectively only being well-formed.

MATERIALS AND METHODS

The industrial enterprise's adaptive development within PEO, which is a form of economic organization that incorporates different by their ownership, legal form, production and commercial activity industrial enterprises and other companies, e.g., banks, financial institutions etc. (Aliieksieiev, 2002), at the pre-adaptation stage involves the use of analysis as a method for identifying problems that may emerge during the development of each

company within the PEO based on its structural components analysis. The issues concerning the enterprises development and management, socio-economic preconditions and mechanisms of their adaptation to changes and challenges of the external environment are being researched by Ukrainian and foreign scientists. Among the ones who have made significant contribution to the development of the problem stated or some aspects, are: R. Ackoff, I. Ansoff, S. Beer, K. Chaharbaghi, P. Doyle, P. Drucker, K. Kearns, M. Khan, R. Mason, D. North, M. Porter, V. Srahovych, J. Stiglitz, R. Feurer, I. Aliksieiev, A. Amosha, B. Andrushkiv, M. Budnik, M. Chumachenko, Ye. Halushko, T. Horokhova, T. Hryenko, I. Hroznyi, T. Klebanova, S. Kudlaienko, Ye. Kuzkin, O. Kuzmin, M. Kyzym, T. Landina, R. Lepa, A. Melnyk, Yo. Petrovych, O. Pushkar, O. Raievnieva, L. Salomatina, V. Stasiuk, Yu. Stepanova, O. Trydid, V. Tymokhin, A. Turylo, etc.

The purpose of our article is to analyze enterprise's structural components and management subsystems effectiveness at the pre-adaptation stage.

RESULTS

Analysis of problem situations identification at the industrial enterprises in their development process involves the application of the system, process, resource and functional approaches' principles. The use of the advantages of these approaches makes possible to determine the components to be analyzed at the enterprise's pre-adaptation within PEO (*Table 1*).

Table 1

Description of the enterprise's structural components within the PEO

Component	Description
Financial	Investment in R&D, intangible assets, sources of financing, financial stability, autonomy, investment attractiveness, liquidity and solvency
Personnel	Structure of staff, share of the intellectual staff (programmers, researchers, technologists) in the total amount of employees, age, labor turnover
Technological	Modern and innovative information technologies, level of labor automation, informational support, share of advanced technologies and production
Managerial	Organizational structure of the company, quality management system, organizational culture, effective use of specifications and documentation. Modern forms of industrial organization and management of the company
Informational	Combination scientific and technological information with information about development, use of advanced production techniques, technological inventions, equipment, computer systems in production management, scientific and technical documentation in the form of reports, regulations and other design and architect-engineering documentation, information on the level of technological production activities of competitors
Marketing	Collection and analysis of data about competitors, their activities, product mix, prices, consumers, demand, development of marketing measures

Source: completed by author

The PEO's ability to new conditions depends on the managerial subsystems' components efficiency of the enterprises within the PEO: financial, organizational, marketing, personnel and production ones (*Table 2*).

Table 2

**Management subsystems of the enterprise within PEO
at the pre-adaptation stage**

Component	Characteristics
Managerial	Measures the effectiveness of organizational and managerial structure of the company, manufacturing processes regulation
Marketing	Determines the market share, market capacity, market saturation, activities of competitors
Financial	Shapes the provision of enterprise with necessary resources, ability to finance long-term investment projects and new products production
Production	Level of technical and technological development of the company, level of fixed assets physical deterioration and obsolescence
Personnel	Effectiveness of the personnel (both basic and auxiliary staff)

Source: completed by author

Based on the studies (Hevlych, 2005; Demchenok, 2011; Derii, 2014; Zonzov, 2002; Hiliarovskaia, Korniakova, Plaskova and Sokolova, 2002), it is possible to determine indicators for analyzing the components of the enterprise within the PEO at the pre-adaptation stage (Table 3).

Table 3

**Indicators for analyzing the structural components of the enterprise
within the PEO at the pre-adaptation stage**

Indicator	Formula	Normative value
<i>Financial component</i>		
Sum of enterprise's costs for R&D, implementation of technology and pilot production Crd and costs for technical support Ct in total production costs TC	$S_1 = (Crd + Ct)/TC$	3%
Production costs on high technology products $Cprod$	$S_2 = Crd/Cprod$	2,5-3,5%
Share of costs for production by progressive facilities Cpf in the cost structure for its technical maintenance Ctm	$S_3 = Cpf/Ctm$	
Share of costs for intangible assets Cia in the structure of the enterprise's costs for R&D, development of technology and pilot production	$S_4 = Cia/Crd$	
Share of costs for personnel training Cpt in the total amount of the enterprise's costs for R&D, development of technology and pilot production	$S_5 = Cpt/Crd$	
Share of governmental funding of internal and external technological developments, the volume of government investment Gf in the structure of the enterprise's costs Crd	$S_6 = Cf/Crd$	
<i>Personnel</i>		
Share of employees involved in the R&D Prd in the total staff Pt	$S_7 = Prd/Pt$	12%
Number of high skilled personnel Phs in the total staff involved in the production of advanced products	$S_8 = Phs/Pt$	5%
Wages rate of staff involved in the advanced production Wap relatively to the wages of other employees We	$S_9 = Wap/We$	>1

<i>Technological component</i>		
Share of advanced equipment Ead in the total enterprise's production equipment fleet Et	$S_{10} = Ead/Et$	25-35%
Share of the advanced equipment and its technical support Eadts in the total enterprise's production equipment fleet	$S_{11} = Eadts/Et$	65%
Share of upgraded equipment by technological criteria Eup in the total enterprise's production equipment fleet	$S_{12} = Eup/Et$	40%
<i>Informational component</i>		
Share of costs for informational support of enterprise and software Cis in the cost structure for computerization of production Cc	$S_{13} = Cis/Cc$	>2
Share of personnel involved in the informational provision and software support Pip in the total number of personnel involved in the R&D	$S_{14} = Pip/Prd$	
<i>Marketing component</i>		
Indicator of new products sales in the market Ms	$S_{15} = Ms/Vw$	
Share of innovative products Vip in the total output Vo	$S_{16} = Vip/Vo$	>40%
Return on sales of new products (ratio of profit from sales of new products PRip to the cost of the sold goods Cs)	$S_{17} = PRip/Cs$	

Source: completed by author

Further, the indicators characterizing the efficiency of the management subsystem of the enterprise within PEO at the pre-adaptation stage are to be calculated (based on DeMark, 1994; Klymenko, 2010; Kryvoziaziuk, 2011; Lazaryshyna, 2006; Leleka, 2003) in *Table 4*.

Table 4
Indicators characterizing the efficiency of the management subsystems of the enterprise within PEO at the pre-adaptation stage

Indicator	Formula	Variables
<i>Managerial subsystem</i>		
Share of administrative staff in the total amount of employees	$q_{man} = Ap/P$	Ap is administrative and management staff; P is average number of staff at the enterprise
Effectiveness of the staff management	$E_{aman} = PRg/Ap$	PRg is gross profit
<i>Marketing subsystem</i>		
Return on sales	$ROS = PRn/TR$	PRn is net profit; TR is total revenue
Market share	$MS = Uent/Umar$	Uent are units sold by the enterprise; Umar is total market unit sales
<i>Financial subsystem</i>		
Current ratio	$CR = CA/CL$	CA is current assets; CL is current liabilities
Financial autonomy ratio	$R_{aut} = Ko/TA$	Ko is own funds; TA is total assets
Profit margin ratio	$Npr = PRn/Sn$	Sn is net sales
<i>Production subsystem</i>		
Depreciation to fixed assets ratio	$Dfa = D/FA$	D is depreciation; FA is fixed assets at the beginning of period
Capital productivity	$CP = TR/Vfa$	Vfa is value of fixed assets

Source: completed by author

By analyzing the components of the enterprises within the PEO and their management subsystems efficiency, it is possible to conclude about the development level of the enterprise's functional identity and on which direction the company may potentially develop in terms of adaptation.

DISCUSSION AND CONCLUSIONS

The task for problem situations timely response in the process of enterprises within PEO adaptation to external environment is caused by the fact that the pace of the company's external environment change is faster than the management system reaction to them. Thus, the enterprise's structural components and management subsystems effectiveness at the pre-adaptation stage within PEO are analyzed. At this stage, such an analysis allows to assess the dynamics of the basic parameters of the enterprise functioning in a time interval and, thereby, determine the main directions of the enterprise successful development within the PEO.

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RECOMMENDATIONS FOR THE ESTABLISHMENT AND MANAGEMENT OF INDUSTRIAL CLUSTERING

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Abstract: *Article considers the issue of industry clustering; authors reveal the importance of clustering industry for the national economy and define the composition of the cluster and institutes that are involved in the establishment of clustering. Also it determines the role of the administration institutes that provide clustering. The article presents the recommendations for the establishment of National Cluster Bureau of Ukraine as an institute with the broad powers that can charge industrial clustering and support of innovation clusters and other forms of networking. The article formed a recommended list of obligations of National Cluster Bureau of Ukraine and characterized the main purpose and field of activity. The recommendations on the institutes intended for the development of industry clustering.*

Keywords: *cluster, cluster industry, cluster bureau, governmental bodies*

INTRODUCTION

As it is known, the clustering of industry consists of building in the economic system clusters as voluntary associations of enterprises, scientific institutions, etc., which are characterized by geographical proximity or common technologies, skills, strategies and other networks. Its importance to the national economy is determined by the acceleration of economic development; it improves the economic entities competitiveness through the creation of a new economic model and achieving synergy effects and relations.

Only with the advent of the works of Porter and his followers the cluster concept was developed and acquired traits that characterized it today. There are sectoral and territorial components of the cluster concept. It allows understanding the industrial cluster as interconnected group of related industries and the service sector, which most successfully specialized in the international division of labor, and regional clusters as geographically concentrated group of companies from the same or related industries and

their supporting institutions located in a particular region. They produce similar or complementary products, characterized by exchange of information between firm-members of the cluster and their employees, resulting in increased competitiveness of the cluster in the global economy.

Thus, Parliament of Ukraine, Cabinet of Ministers, National Academy of Sciences of Ukraine, Antimonopoly Committee of Ukraine, Chamber of Commerce of Ukraine, central and local authorities participates in the building of clustering. We are to consider this question in detail.

MATERIALS AND METHODS

The Parliament as the only legislative body of the government of Ukraine, which adopts laws in clustering approving national programs of economic, scientific, technical, social and cultural development, environmental protection and cluster development etc.

As it is known, Cabinet of Ministers of Ukraine (CMU) is the supreme body in the executive power of Ukraine. Since CMU develop and implement national economic, scientific and technological development of the country, approving programs of clustering of regions is in its competence. The CMU ensures the implementation of financial, pricing, investment and taxation and social policy, education, science and culture, environmental protection, ecological safety and environmental management. List can be supplemented with clustering policy. CMU is assigned the duty to direct and coordinate the work of ministries and other executive bodies.

The National Academy of Sciences of Ukraine and its sectoral research institutions can be involved in the formation of effective integration of industrial associations within the policy of clustering, which for first must be carried out research on the identification of reserves of economic and organizational potential of regions and certain industrial facilities [1]. Positive changes in the direction of participation of NAS of Ukraine in the formation of clustering of industry should be shown in some topics of research of the Institute for Regional Studies of NAS of Ukraine. In 2008-2013 the study on "Development of regional strategy development and support cross-border clusters" was made by this institution. In a report on its implementation the definition of concept is given, defined model of cross-border clusters identification methods, outlines the prospects for the development of cross-border cooperation between Ukraine and the EU, etc. [2]. Since clustering is related to association of enterprises, then in its formation and in the development process should be paid attention to compliance with antitrust laws. The Antimonopoly Committee ensures the national protection of competition in business. Through the performance of their functions in the direction of the concentrations control and concerted actions of cluster relations (controlling compliance with the legislation on economic competition protection, prevention, detection

and suppression of violations of it etc.), Antimonopoly Committee affects the activity of business clusters associations.

Ministry of Economic Development and Trade of Ukraine also belongs to the governing bodies of clustering. With their participation projects of programs industry business partnerships UNIDO (United Nations Industrial Development Organization) are implemented. It is done with the aim to develop domestic production. In particular, the first branch of UNIDO project in Ukraine (automobile cluster) is calculated for three years [3]. Except the Ministry of Economic Development and Trade of Ukraine, which is an expression of the participation of governmental structures and processes of clustering, for innovation development to the clustering ministries should be involved. Since the perspective direction of clustering of the national economy is creating agricultural clusters, in the process of their formation and development should be considered the role of the Ministry of Agrarian Policy and Food of Ukraine, the National Academy of Agrarian Sciences of Ukraine. The latter provides assistance of the integration of the national agricultural science in the international scientific community. Therefore are the dissemination of knowledge, training of scientific personnel, scientific sessions, congresses, conferences and more. Concerning the Ministry of Education of Ukraine, its role in the clustering process is deeper. It lies in the development of educational activities, which is an important component of the cluster interaction. According to the principle "On the Ministry of Education and Science of Ukraine" (approved by the Cabinet of Ministers of Ukraine on October, 16, 2014, No. 630), its objectives are: approval of project concepts of national programs of economic industries and government programs in terms of transfer technologies; development of principles of scientific and technological development; insurance of the development of scientific and scientific-technical potential; implementation of measures for carrying out the unified science, technology and innovation policy; formation of priority directions of science and technology and innovation based on long-term and medium-term forecasts of scientific and technical and innovation development; organizing and coordinating of the innovation activity [4].

The importance of the formation and financing of clustering falls under the authority of the national innovative non-bank financial institution ("Fund to support small innovation business"). In the regulations of the organization stated that the object of the Fund is financing the implementation of innovation projects through own and borrowed funds as well as their popularization, implementation consultancy, marketing, legal support, etc. In this context it should be noted the status of innovative projects and to distinguish between a clustering innovative projects of other configurations of innovative projects.

Regarding innovative approach to regulatory control of clustering, support of cluster development in the economic literature is recommended

to ensure the establishment and functioning of the "Ukrainian Cluster Associations", the Council to improve competitiveness of Ukraine's economy under the President of Ukraine and the relevant councils for the competitiveness of regional economies, relevant information and analytical system at the Chamber of Commerce [1].

We support the creation of a "Ukrainian Cluster Associations" as a promising innovation institute, which is recommended by the Plenary Assembly of the Union of Economists of Ukraine and by organization of Ukrainian clusters of S. Sokolenko. According to recommendations provided by these organizations, the "Ukrainian Cluster Associations" shall promote cooperation with the active-functioning organizations such as the "Baltic Cluster Alliance" (Stockholm, Sweden) and cluster associations BSEC (Thessaloniki, Greece), although this list should be supplemented.

RESULTS

For effective implementation of the cluster policy it is recommend establishing the National Cluster Bureau of Ukraine as a body with broad authorities, charged with facilitating industrial clustering, cluster development of infrastructure and support innovative clusters and other forms of networking. We suggest to implement the creation of cluster bureau under the President of Ukraine (similar to the National Anti-Corruption Bureau of Ukraine, the State Law Enforcement Agency, whose main task is to prevent, detect, suspension, investigation and disclosure of corruption offenses committed by senior officials and the prevention of new ones) and the authority of management to put on the director. The structure of the recommended cluster should be provided as a set of central and regional branches, which will provide an adequate level of decentralization processes of clustering. This solution is acceptable, given the fact that the practice of creating within the national unit of management to guide the respective spheres of economic activity, involves no more than seven regional branches with the total number of employees not more than 700 (not more than 200 employees in management) [5]. As a committee is recommended to establish under the President of Ukraine, it should be put the exclusive authority of the appointment of the director. At the same time control of the activities of recommended committee should be put on the Committee on Industrial Policy and Entrepreneurship. The reason for its creation is Parliament of Ukraine Resolution No. 22-VIII on December, 4, 2014 [6]. According to it, the scopes of the committee are: 1) industrial policy and the development of certain industries; 2) foreign trade, investment, special economic zones and territories of priority development, technological parks; 3) standardization, conformity assessment, accreditation and metrology activities; 4) public-private partnerships; small and medium businesses and others. It can extend its processes by introducing processes of clustering. In

this context we suggest the director of recommended bureau to inform the President of Ukraine, Parliament and the Cabinet of Ministers of Ukraine on the main performance, execution of tasks and more. It should be obliged to provide a report to the above structures.

The duties of the cluster Bureau should include: 1) maintaining cluster initiatives through grant ads, competitions with appropriate financial support; 2) examination of clusters and cluster research; 3) consulting, analytical and marketing and branding activities; 4) dissemination of information (providing linkages with other clusters in the regions of Ukraine and foreign clusters); 5) promotion of industry clustering by organizing public events (e.g. fairs, trade missions, etc.); 6) supporting the development of incubators, techno, innovative centers and other objects of innovative infrastructure; 7) development of networking interaction clusters in the "education-science-industry" and so on; 8) interaction with other state agencies, local governments and other entities to perform their duties; 9) reporting on their activities and inform the public about the results of their work; 10) international cooperation.

To fulfill assigned duties on the recommended cluster Bureau the director and his employees are entitled to: 1) conduct consulting, analytical and marketing and branding activities; 2) perform cluster analysis of regions and disseminate information on its results; 3) announce competitions and tenders for networking cluster cooperation; 4) send to public authorities, local governments are required to consider proposals and recommendations to eliminate the causes and conditions that impede the development of the cluster and receive information within 30 days of their consideration, etc; 5) engage on a voluntary basis of qualified professionals and experts from any institutions, organizations for the tasks; 6) cooperate with competent authorities of foreign states and international organizations; create information systems and conduct operational accounting and more.

CONCLUSION

The clustering of industry as a process of creating clusters and other network structures requires focused, consistent and evidence-based approach to management, because it encourages socio-economic growth, competitiveness of economic actors. In clustering management within their competences of Parliament of Ukraine, Cabinet of Ministers, National Academy of Sciences of Ukraine, Antimonopoly Committee of Ukraine, Chamber of Commerce of Ukraine, central and local authorities and others are participated.

To deepen national involvement in the process of clustering it is recommended to establish a National Cluster Bureau of Ukraine (under the President of Ukraine) as a body with broad authorities, charged with facilitating industrial clustering, cluster development of infrastructure and support innovative clusters and other forms of networking.

The structure of the recommended cluster Bureau is proposed to be represented as a set of central and regional offices (seven in total number of employees not more than 700) that will provide a sufficient level of decentralization of the clustering processes. Control of activities by the recommended committee should be assigned to the Committee on industrial policy and entrepreneurship.

In further studies of the problem it is should be implemented a modeling of clustering economy in terms of innovation development.

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HUMAN EFFICIENCY ISSUES: EXPERIENCES OF THE REGIONAL RECOVERY AND STABILIZATION INITIATIVES IN UKRAINE

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Abstract: *The purpose of the paper is to advise optimization improvement pathways in human efficiency during post-conflict stabilization in Ukraine that currently undergoes change from the "firefighting" real-time operational mode to the routine bureaucratic mode. The major challenges include the resolutions of deficient staff operation models such as: rotations, chronic tiredness, inability to make decisions, and some others. A desk and in-depth study has been carried out of several national territorial stabilization programs dealing with the government that ensure infrastructural support to post-conflict regions and communities in the East of Ukraine. It studied how the programs are managed using deficient human potential (2015-2016 data) via NGOs and subcontractors. Improving stabilization tools, it leverages transformation of its own staff systems into a firm yet flexible entity. Results of the research showed that stabilization project human resource systems should identify deficient types of group and individual personnel behavior and react by replacing the inevitably improper staff, helping the ones under pressure, and/or monitoring and guiding the deficient personalities that need correction. Regional subcontractors can improve satisfaction and widen participation by supporting informal initiative to improve operational project teams at personal level. The role of others including subcontractors and partners in the first place is to meet the deficient employee types that have become the name and image of the organization that hired them. Sometimes these processes, no matter how ridiculous they may seem, include serious staffing changes and layoffs, which develop a feeling of fear to talk to others and discuss anything at all. The article concludes with the statement of its importance to overcome the inertia of the decision-making level unable to delegate, as this feature leads to the inability of the delegation of the external organizational changes, replacing personnel and structure, when it is easier to do it yourself than ask someone and teach. On the other hand, the processes of building teams do not need to become deadlocked by the lack of hierarchy and delegation.*

Keywords: *development program, stabilization and support assistance, results-based management, bureaucracy, efficiency*

INTRODUCTION

Personnel and management staffing system deficiencies (Chasopys, 2013) in recovery program areas have become critical by early 2016 with the need to tackle the extended conflict in the East with a more systematic manner, apart from the "firefighting" strategies that have been commonly used in 2015 and partially in 2016. The selected case study descriptions of the above research are presented below in form of the short findings. They all describe personal staffing downsides experienced by post-conflict territorial stabilization programs and suggest solutions as visible used in 2015, and therefore the program management (Filyak, 2015) has began considering the various ways to combat these imperfections and obvious downsides in the view of the need to carry on with the extended conflict situation of the "slow fire" in 2016 and possibly 2017 from the current perspective.

MATERIALS AND METHODS

1. Quick staff rotations

Quick dynamic processes of development on the troubled areas involve professional and venture contractors, but attract beginners and inexperienced "career climbers", who did not appreciate their real skill and, by chance, will appear on high positions requiring experience and firm personality as well as the specific nervous system. In the absence of contact with the team and without understanding of the dangers of "slippery track" of permanent errors, such person is literally burned on the job. In order to preserve his/her health, you need to either tell him the above phrase and fire him/her, or he himself, in spite of the high office, will quietly leave you, unexpectedly and without transfer of any cases and having no adequate assessment of neither efficiency, nor the team and the results. The problem is that there is no time on any feedback in the structures that are required to operate quick response projects, work on the result and understand the context of working under the situation of the collapse of managerial systems. Besides, there is no time for quality psychological work and normal feedback is obtained in order to stabilize the team. If such psychological assistance would begin, the project will have to change psychologists rather frequently, as they would hear the continuous whining from the staff. So here, very important are the accumulated personal experience, moral standing and mental qualities of the staff, with moderate psychological intervention.

2. Busy with the wrong type of business

When the conflict started, aid programs and international organizations have deployed their rapid response projects, and many qualified managers from the related, but still different fields were selected for the implementation of these quick-paced projects. During this time, they have learned a lot and lost a piece of their health, especially towards the end of the project when it was

supposed to end quickly and, regrettably, did not give a chance to see any future. These people are simply mentally tired. They do not want any more conflict that has been protracted for unknown reasons for 2 years already. They are engaged in the wrong business. All of them have been doing things that the time and momentum require, but still, for most of them it is, though being an evolution of their careers, but still not the way of life that they have dreamed of. They are, first of all, peaceful people and they see themselves in civilian, not military life. They are mostly builders and definitely not destroyers. When they see the conflict, they suffer and lose part of the psyche. Initially this system works in a way when the people engaged in the wrong type of business, usually suffer more and longer, and need longer rehabilitation in several stages. For their experience, this might probably be considered a good thing. Still, it should be understood that for these people who move ahead the mega quick response and stabilization programs, no one of the management in these 2 years, did not guess to invite at least one psychologist on their work place. These people's psychologists are their close friends, chemical pharmacy and alcohol. They now need to learn to self-regulate their health, their mental situation in the first place.

3. Chronically tired middle management

If the project that has hired an incompetent and aged manager who quickly gets tired and this mentally justifies his/her practice of relaxing and distributing the extra work among the "young" or "female team", then the latter will have chronic fatigue syndrome as a frequent guest. The main feature of this state is increased wear of personnel resource and especially the wear-out of the nervous system, as well as significantly a strangely motivated manifestation of aggression toward partners and other sides of the business process. This man gets loaded by his non-competent management with too much work, and what adds more "fuel to the fire" is the setting or nervous nature of the activity, project or organization. In this case, it is necessary to carry out personnel changes, but first – find time to give people a rest for at least 10 days. Quick rest in 2-3 days does not bring results, but only makes it possible to delay the stall for a week and finish the jobs in intermediate tasks only. However, these people get additionally and addicted by workaholic syndrome, e.g., the desire to get up at 5 a.m. and continue finish the report. They quickly find a way to get addicted by chemicals. They have to stop in time now and be rehabilitated.

4. Constant inability to decide

In partnership systems it is often observed on the part of the beneficiary partners, that the people burdened by their temporary high rank positions, do not want and are not able to make decisions. They lack not only desire, but also operational memory. This can be explained by the fact that the person in located at this position by virtue of time and chance, without sufficient

training, with "mental RAM" memory much less than required. Another reason may be that the recently experienced stress caused by the conflict took away a person's ability to think holistically, and left in that brain only a possibility to decide using anti-crisis "fire-fighting" methods in operational activities. A problem with this style becomes obvious when this person encounters with the questions of "deadlines", "plans" and "synchronicity" as well as "coordination" parameters of the project approach, so poorly understood by some of the beneficiaries. Treating this drawback is only a dismissal. In such projects, there seems to be no better option.

Types of defect personnel that need to be avoided and replaced

1. Whiney: A man (probably even a professional in his narrow field), who still has an open severe psychological or emotional trauma from his past, and generating claims to everyone around. They are taking overloads too hardy and their head gets blown off by new experiences. They find it hard to get used to the new teams, they are nervous and moaning. They can only work in the privileged environment, which should be all quiet and satisfying.

2. The Woofer: Assertive, silly in his/her limits, self-righteous, not caring for anyone else at all. Wishing to burn the existing reality to the ashes and go far away, where there will be a better and everything will be new. Brings in his/her personal internal dirt and quarrels. Not able to form any teams and work in them, not to mention any team-generated results; a specialist in only one direction, the one who has become outdated several years ago. It will not fit anywhere, except for a single personal cabinet in a provincial institution.

3. Sly Boy: He believes that he is the navel of the earth, and gets basked in the glow of the attention of the opposite sex, who considers him a genius. He works for big money and negotiates what he will get from this affair. The Sly Boy will create a result that is not compatible with the rest of the structure and working by itself only, but, yes, it will be beautiful. And then he will go to another customer, and everyone will walk around and say, "No problem, it is beautifully done, this is true, and though this staff is not necessary for us, but it works in and for itself, and this is fine".

4. Footy Traitor: Ready to work for anyone, with revoked values such as loyalty and so he works where they pay more. He will produce a result, but then will go to the competition and produce result there too, or even better results. He does not know how to teach others, though you can learn by looking at what he does.

Other types of defect management personnel that may operate but need supervision

1. Sweet Lazy-Bones: Pretentious and with poor knowledge of business and the professional language. Depends on his partner peers, whereas they feel sorry for him and do his job, and he winks at them. He thinks that the whole world works in the same way as he does, and that, for him, in fact, is a well

organized economy. He delegates too much of his work on the others and avoids admission of his personal responsibility. He is slyly keeping himself away from sharply critical tasks. He is firmly on his track and is not likely to change on his own.

2. The Angry Bird: This woman, as a rule, is endowed with a large number of male than female hormones, and therefore in offices she takes over the function of the male. She "scoops" the "sweet lazy-bones" into her systems and guides them as "administrator" or "head of affairs" (although slightly despises them but feels slightly sorry for them), but with real men, she reacts as a competitor and in the case of conflict she stands forth in the "fighter" position. However, if a competitor wins, she puts her "sweet lazy-bones" manager under attack, who is responsible based on his physiological role. You can work with the Angry Bird, but you need to keep the parity, as, truly, they can be quite reliable as administrators. Her mind breaks when other people of power in the office begin to abuse power and lead to imbalance of her organizational structure. If you want to interact with her, make sure that her things this week are more or less in order, and that she has stable mood in the decision-making moment.

3. A Soft Sleeper: Such people come from bureaucratic circles and work well with talented charismatic leaders, who love them and feel slightly sorry for them, but they serve as stress layer in a large organizational reality, that at times, assumes the bureaucratic burden and flexes like a membrane. He focuses on the process, but dies without a job and without a boss. He is also not real without subordinates, who add to his solid image. Regretfully, he does not understand the result of activity and the whole philosophy of result-based activity is a blank for him. So at the slightest loss of the market he appears to be too narrowly focused, and most important he is not able to draw a collective image of "the general plan" of a bright and attainable future for the peers.

RESULTS

Additional defect management features inherent to the teams

Inability to delegate: Syndrome that has elevated rates of inability to delegate. "My boss approved everything for you as you wrote your clarifications, but I also have a question" or "I have laid off all my key management and most of the secretaries this morning in my head office, so I decided to personally call a local coordinator to a partner village, and ask her to sign that invoice for furniture from the head of the village council on Tuesday". Objectively, these people's behavior is caused by sharp organizational changes as replacing personnel and structure and leads to their inability to delegate, when it is easier to do it yourself than ask someone and teach. On the other hand, that is how the processes of building teams become deadlocked by the lack of hierarchy and delegation.

Kindergarten toying: A very small quantity of brain "RAM memory", lack of knowledge of procedures and paralyzing fear at workplace all combined to create the impression of the team managers resembling small children in the sandbox. The role of others including subcontractors and partners in the first place is to meet these deficient employee types that have become the name and image of the organization that hired them. It should be added that sometimes these processes, no matter how ridiculous they may seem, include the awful truth of serious staffing changes and layoffs, which develop a feeling of fear to talk to others and discuss anything at all. Sometimes, fear is so strong and the context of personnel decisions is in such a precarious position that it is better to freeze and take a permutation of the partner's "toys in the sandbox" than make any meaningful decisions.

DISCUSSION AND CONCLUSION

An overall conclusive feature, which has become strangely characteristic for development programs, is the absence of desire to think for the benefit of a "small average person". Earlier this management was much more flexible and they did not fear to ask their bosses at least anything meaningful. Now, their position is "never ask, never change anything". A strange phenomenon, rather not typical to such activities before, but currently leading to freezing and bureaucratization of operational processes and rigidity of organizational structures, just because a mid-level clerk decided that it is better not to think and not to act where the instruction does not refer to his personal activity. The solution here, from the bottom-up, is to understand that bureaucracy is ongoing and reshape the activities to command-administrative mode. From the top-down, the approach depends on the higher considerations, but it is necessary to take into account that quick and dynamic management at the lower levels will rather prefer the ability to influence operational decision-making at their competence level.

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CURRENT TRENDS FOR DEVELOPMENT OF MARKETING INFORMATION SYSTEM

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Abstract: *This paper emphasizes the need for development of marketing information system in the current context of globalization. Authors in the work identify the main aspects of development information system. Authors determined basic stage and principles of effective operation of contemporary enterprises. Revealed that the great importance attaches internet technologies, implementation of marketing activities allows enterprises to adapt to current market conditions and contributes to their effectiveness.*

Keywords: *informational system, management, life cycle, marketing*

INTRODUCTION

The uncertainty, fierce competition and dynamism of the environment have been determining factors functioning of any modern enterprises. Leaders are only those companies that are able to quickly adapt to changing environmental conditions, and organize themselves for effective management of operational decisions. Updated using a process approach, which is based on that a certain procedure to perform basic management functions. It should be noted that the use of a process approach to management has features associated with the operation of organizational management structures. Since modern enterprises established and operate composite structures in the implementation of management functions there are changes that require detailed analysis.

The majority of business processes of industrial enterprise have a through character that means that employees from different departments take part in their performance. Nevertheless, structuring and organization of managerial work are constructed in such way, that guidance is not made by a "chain" of business-processes, but is realized by functional subsections that act on different management levels. Organizational structure of enterprise doesn't represent all business processes, which lead to organizational and informational gaps, duplication in work execution and irrational use of financial, material and human resources of enterprise. Process approach mostly gives attention to management of business-processes; herewith work fragmentariness goes down, management changes from "vertical" to "horizontal", that are typical for organizational structures, mentioned above. However, today's market

information systems are becoming increasingly important, the huge flow of information in the enterprise, both foreign and domestic lead to what is necessary information is impossible to distinguish, which reduces the efficiency of the enterprise. Thus, the internal reason of most changes, that take place in modern enterprises is removal of attention from business-processes to core competence, that lies in basis of every of them. Such approach has the following advantages: guaranteeing performers' interest in getting effective result from work; reduction of resource consumption and time of procedure execution; increasing reaction speed on possible changes in external environment; possible creation of business-processes groups, that touch activities of several contractors as a system (providers, clients, partners and so on). In this way, process approach of implementation of information management system envisages automation of business-processes system, which is important for industrial enterprises. Business processes are the main subject of guidance attention during implementation of information management system and their realization increases economic effectiveness of enterprise performance [1].

MATERIALS AND METHODS

This paper was used of general scientific research methods, such as: analysis and synthesis, generalization method, historical and logical methods, inductance and the deduction, and scientific techniques and methods, including statistical, information, structural and functional analysis.

RESULTS

In the current conditions of informatization that directly relate to the economic information systems become important internet technologies, implementation of marketing activities which allows enterprises to adapt to the current market conditions and contributes to their effectiveness. Today, Internet technologies are able to provide an effective system of business relations with consumers. Actualized such a thing as internet marketing, which is a complex and multifaceted process requiring specialized knowledge and skills, the absence of a fully eliminates the potential of Internet technology. A necessary arises to develop appropriate algorithms and practical recommendations directed to improve the effectiveness of online marketing, and, therefore, at the improvement of the whole enterprise. The marketing information system allows to quickly identifying opportunities and challenges, to find and evaluate policies and measures marketing activities based on statistical analysis and simulation of execution of planned tasks make an appropriate assessment.

One of the factors that have an impact on functioning and development of information management system is logic compliance in implementation of software in accordance with process approach; process of implementation is a part of information management system life cycle. The amount of stages

of information management system life cycle and their content are defined in different ways in scientific literature. For instance, some authors give enlarged picture of stages of information system life cycle, which almost doesn't differ from stages of investment project life cycle [2]: 1) *pre-project by means* working out technical and economic foundation and technical task; 2) *project development means* creation of document flow system, choosing computer software; 3) *implementation* of information management system in enterprise; 4) *improvement* of communication, program and technical support of the whole system or its elements.

In our opinion, these stages of life cycle are not correct for information management system. Implementation of information management system is a process of enterprise organizational changes, which has some technical aspects. It means connection of stages of information management system life cycle with stages of program product life cycle, which is a base of the system. As the software is a basic element of informational system, and for businesses that operate on the basis of the marketing concept, the formation of a marketing information system is a priority solution which allows to survive in a competitive environment, stages of life cycle should be extended, because the process of implementation provides solution of a wide range of problems, that could appear.

In our opinion, life cycle of marketing information management system includes following stages: 1) preliminary analysis of the developing feasibility marketing information system, including the assessment of the goals and objectives of IP, the necessary resources and risks; 2) developing ideas and concepts of marketing information management system (identification of existing information resources, identification of potential users ISs); 3) strategic and operational planning, implementation process of software (development forms' of internal documents, design schemes for collecting, analyzing and disseminating information, creating information and communication flows); 4) development of software and hardware standards and project documentation; 5) approval of project documentation; 6) test marketing management information system; 7) promotion Marketing Management Information System (determine the conditions of access to the system, information security, marketing Web-resource and quality management of information flows); 8) optimization plan and operations manual; 9) economic evaluation of changes and providing basic business processes resulting from the implementation of information management systems; 10) enterprise's implementation.

Such order of stages of IMS life cycle is caused by following factors: accordance to general theoretical clauses of implementation of information management system in enterprise; stages of life cycle rely on principles of process approach in management, because sequence of functions' performance is followed. Another factor that influences on complexity of management of

information management system implementation is existence of connection between technologies in software using process [2]. Exploitation of information systems is possible when a part of tasks is formalized and has been processed by machines. The further development of management information system will lead to its transformation into a more flexible and simple system to support marketing decisions, based on the operation by providing interactive procedure.

DISCUSSION AND CONCLUSION

Thus, two basic technologies intersect in the sphere of informational technologies: managerial and technical. Marketing Information Systems is the leading tool to support of management decisions that combine constantly updated and optimally organized market information from a variety of sources. Choosing methods and effectiveness indicators is expedient, considering limitation of resources and constant increasing of costs on information technologies. In this case, cost management method is used. Evaluation of information support should be done using indicators of providing to subject and object information management in order to develop and make optimal decisions and the need to improve the efficiency of information management systems require extensive use of automated techniques and methods.

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DER EINFLUSS VON ORGANISATIONSMECHANISMEN AUF ÖFFENTLICH-PRIVATE PARTNERSCHAFTEN IN ABFALLWIRTSCHAFT UND KLIMAWANDEL

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Abstrakt: *Seit Beginn dieses ist die Menschheit mit Klimawechsel konfrontiert. Es gibt eine Vielzahl von Berichten über Abfallwirtschaft und insbesondere Recycling-Prozess. Die Europäische Union muss den Herstellungsprozess neu überdenken und mit der Abfallwirtschaft verbinden. In einigen Mitgliedstaaten sind Recycling-Prozess und Recycling-Gemeinschaft gut entwickelt. Der Abfall-Management-Prozess findet seinen Platz in Zusammenarbeit zwischen öffentlichem und privatem Sektor. In der Europäischen Union spielt die Richtlinie 2008/98/EG über das Thema Abfälle eine wichtige Rolle, ebenso die thematische Strategie für Abfallvermeidung und Abfallrecycling sowie das siebte Umweltaktionsprogramm der Europäischen Gemeinschaft (UAP)⁸. Unsere Welt braucht jetzt eine neue Abfall-Management-Strategie basierend auf den Bemühungen der Gemeinschaft bei der getrennten Abfallsammlung, der innovativen Fertigung und nachhaltigem Klimaschutz. Gegenstand des Artikel ist der Organisationsmechanismus für die öffentlich-privaten Partnerschaften und besonders das Prinzip Gemeinschaft-zu-Gemeinschaft. Das Thema ist der Klimawechsel basierend auf dem Abfall Recycling Prozess.*

Schlüsselwörter: *Abfallwirtschaft, KMU und das Geschäftsprinzip Gemeinschaft-für-Gemeinschaft*

EINLEITUNG

Das große Risiko des Klimawechsels resultiert aus der Umweltverschmutzung verursacht durch die Industrie, Zunehmende Anzahl von Autos, Bergbau und so weiter. Die Europäische Abfallwirtschaft und die Richtlinie 2008/98/EG basieren auf Lansink Leiter⁹. Die angenommene gemeinsame Strategie in der EU umfasst die Abfallhierarchie in folgende Schritte (*Abbildung 1*).

Die Abfallwirtschaftspolitik fordert eine Kreierung einer neuen Strategie mit dem Zweck, die Recyclingebenen zu erhöhen.

⁸ Europäische Umweltagentur, Abfall und Materialressourcen, 2009.

⁹ Lansink Leiter stammt aus den Niederlanden Abfallwirtschaft, 1991.

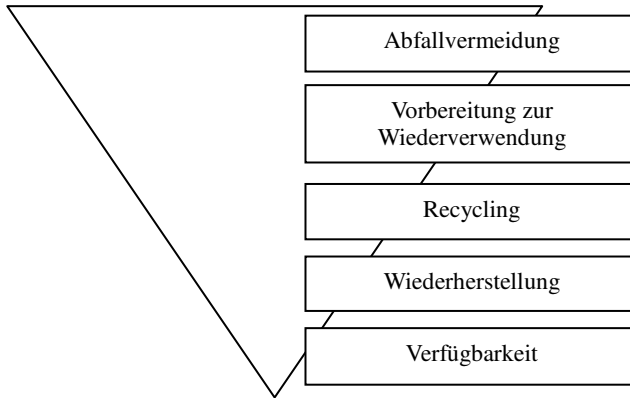


Abbildung 1: Die Abfallhierarchie in der Europäische Union

Quelle: Europäische Umweltagentur, Abfall und Materialressourcen, EEA

Im Organisationsmechanismus öffentliche Partner ist der Eigentümer des Abfalltrennsystems der Verfügungende und im Privatsektor Inhaber des Konsortiums, welches die vollen Managementrechte in der Herstellung und Entsorgung hat. Der Organisationsmechanismus für die öffentlich-privaten Partnerschaften besteht aus: 1) Grundsätze für die Verwaltung von öffentlich-privaten Partnerschaften. Die Grundsätze wurden erstellt von der Organisation für wirtschaftliche Zusammenarbeit und Entwicklung¹⁰. Die Grundsätze umfassen: klare, berechenbare und nachhaltige Gesetzgebungsrahmen; transparentes Bewusstsein unter den privaten Sektoren und der Gemeinschaft und transparenter öffentlicher Beschaffungsprozess; nachhaltige Investitionen für langfristig Entscheidungen; Preis-Leistungsverhältnis auf einem maximal möglichen Niveau; Risiko der Übertragung an beste Partner beim Projekt; 2) Motivation und Bedingungen für die erfolgreiche Realisierung der öffentlich-privaten Partnerschaften¹¹. Der Zweck des Geschäftsmodells der öffentlich-privaten Partnerschaften ist eine Erhöhung der öffentlichen Dienstleistungen auf Bestpreisqualität. Für eine effektive Projektabwicklung wird folgendes benötigt: Nachhaltigkeit und Berechenbarkeit, Zusammenarbeit und Glaubwürdigkeit, Optimierung der Projektinfrastruktur und effektive Managementprozesse¹²; 3) Aufbau der Regierung öffentlich-privater Partnerschaftseinheiten: Die Verwaltungseinheit sorgt für eine Erhöhung in der Beratung und der Kommunikation zwischen lokalen und zentralen

¹⁰ Organization Economy cooperation and development, Public governance and territorial development public management committee 32nd Annual meeting of Working Party of Senior Budget Officials, June, 6-7, 2011, Luxembourg.

¹¹ Meeting the Region's infrastructure Needs, Guidelines for Effective Public Private Partnership. www.pecc.org PECC – The Pacific Economic Cooperation Council.

¹² Europäischer Umweltagentur, Available at: <http://www.eea.europa.eu/de/themes/waste/intro>.

Verwaltungen. Außerdem hat sie Erfahrung in Vertragsverhandlungen, die Standardisierung von Geschäftsprozessen sowie in der Führung; 4) Der negative Klimawechsel ist verbunden mit dem Abfall-Management-Prozess und insbesondere mit Recycling. Die Pariser Vereinbarung legt das Bedürfnis nach regionaler und internationaler Zusammenarbeit fest, um das Klima nachhaltig zu schützen. Nach Ansicht des Autors schaffen die Zusammenarbeit zwischen regionalen Abfallmanagementplattformen und kleinen und mittleren Unternehmen ein hohes Maß an Umweltmehrwert besonders bei der Reduzierung des Treibhauseffektes; 5) Der positive Einfluss der Abfallwirtschaft in einem stabilen Management der globalen Erwärmung sorgt für Wohlstand der Wirtschaft und Umwelt¹³. Folglich kann eine Menge Energie und der Abbau von Rohstoffen aus der Natur verhindert werden. Im Ganzen spart Recycling eine Menge Abfall von Rohstoffen und erzeugt eine Verringerung des Verschmutzungsgrades, um die Temperatur unter 1,5 Grad Celsius über dem vorindustriellen Niveau zu halten.

Im aktuellen Artikel hat der Autor die erweiterte Version des Prinzips Gemeinschaft-zu-Gemeinschaft erarbeitet. Das Prinzip umfasst drei Schritte (*Abbildung 2*).

Schritt eins umfassen die Verbindung zwischen einer getrennten Abfallsammlung durch die Gemeinschaft und der Gewinn für KMUs bei der Herstellung sowie die Verbindung zwischen dem Volumen der getrennten Abfallsammlung und der Gewinn für die privaten Unternehmen (KMU). Die Einbeziehung der Gemeinschaft in das Abfallwirtschaftsgeschäft ist ein erster Schritt bei der Erstellung einer Recycling-Gemeinschaft und Umweltschutz.

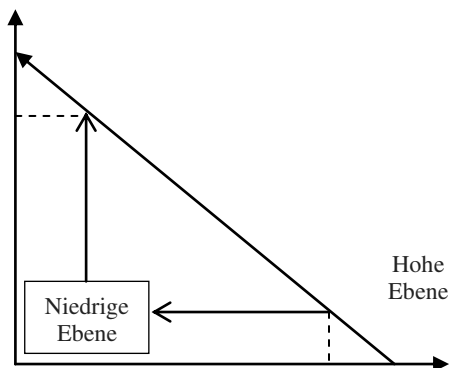


Abbildung 2: Die Ebenen der Wirksamkeit im Prozess der getrennten Abfallsammlung

Quelle: vom Autor selbst erstellt

¹³ WRAP, www.wrap.org.uk/recycling_industry/information_by_material/index.html, Available at: www.recyclenow.com.

Für kleine und mittlere Unternehmen ist es möglich, mit Entsorgungsunternehmen und Konsortien zusammen zu wirken und zu gründen. Als Endergebnis wird die Wirtschaft profitieren und eine Reihe von Synergien zwischen den Unternehmen entstehen.

Schritt zwei gleicht vor allem unter Einbeziehung der Haushalte einem ersten Geschäftsstadium im Aktivitäten Konsortium. In vielen Fällen kaufen die Menschen einige Produkte in Geschäften, die sie nicht verbrauchen, diese werden dann zu Abfall. Daher ist die Einbeziehung der Haushalte in die Abfallbewirtschaftung eine Maßnahme, durch die eine getrennte Abfallsammlung die Abfallgebühren verringert oder vollständig entfernt. Als Folge würden die Haushalte mehr Geld zur Verfügung haben.

In der nächsten Abbildung wird die Interaktion zwischen der jährlichen Abfallgebühr der privaten Haushalten und der Ebene getrennt gesammelter Abfälle von Haushalten und Bevölkerung dargestellt.

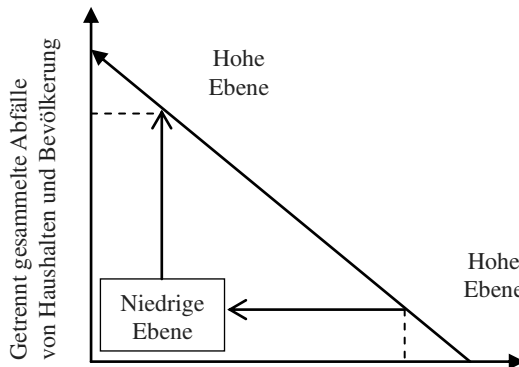


Abbildung 3: Der Anreiz auf Haushaltsebene für eine getrennte Abfallsammlung

Quelle: vom Autor selbst erstellt

Schritt drei ist die Verbindung zwischen Abfall-Management-Prozess und das Halten des Temperaturanstiegs auf niedrigem Niveau. Gemäß der Pariser Vereinbarung führen die globale Erwärmung und der Klimawandel zu vielen Risiken. Unsere Gemeinschaft hat viele wirtschaftliche Probleme. Der Rückgang der Emissionen ist der wichtigste Zweck für uns alle. Alle Produktionen sollten auf Recycling basieren. Das Emissionsniveau wird durch die Anwendung des Grundsatzes Gemeinschaft-für-Gemeinschaft reduziert werden.

Durch die Anwendung der organisatorischen Maßnahmen öffentlich-privater Partnerschaften wird die Erderwärmung unter 1,5 Grad Celsius gehalten werden können. Das Wirtschaftswachstum wird auf einem nachhaltigen Umweltschutz basieren.

SCHLUSSFOLGERUNGEN

Der Organisationsmechanismus für öffentlich-private Partnerschaften, insbesondere durch die Anwendung des Prinzips Gemeinschaft-für-Gemeinschaft in vielen Ländern kann eine Erhöhung der Erderwärmung sowie des Klimawandel überwunden werden.

Alle Mitgliedstaaten in der EU müssen einen Weg finden, um das Produktionsgeschäft zu verändern, es muss auf der Abfallbewirtschaftung basieren und insbesondere der Müllwiederverwertung. Die öffentlich-privaten Partnerschaften sind ein Instrument, das das Geschäft gemeinschaftlich umfasst. Der Bergbau muss gestoppt werden und das Abfallmanagement sollte das wichtigste Geschäft für produzierende Unternehmen sein.

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MECHANISMS OF LABOR RE-EMIGRATION REGULATION IN THE REGION

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Abstract: *The classification of the mechanisms of labor re-emigration regulation taking into account traditional and modern approaches is offered in the article. The possibility of combining different instruments to make their impact on migratory movements more effective is highlighted. Given the ways of attracting migration capital into the regional economy passive and active labor re-emigration is distinguished. The attention is drawn to the priority functionality of the regulation mechanisms of labor re-emigration processes in the regions of Ukraine.*

Keywords: *labor re-emigration, mechanism, regulation, region, Ukraine*

INTRODUCTION

The characteristic feature of the present time is the transformation of social relations in the field of labor and employment. The difference in development models of individual states stimulates labor migration and re-emigration processes of the population, which, in turn, can have a significant positive impact on the region's socio-economic growth, provided the adjustability. If labor re-emigration processes are spontaneous, situational and unsystematic, they are unable to adequately level migration risks and generate other benefits. Thus, labor re-emigration should be included into the focus of state policy priorities, both social and economic, especially for those societies marked by increased migration activity.

MATERIALS AND METHODS

Given the need to regulate re-emigration processes appropriate mechanisms to influence them should be defined. Herewith, it is possible to follow the practice of other countries, but we should remember that there is no country in the world in which the complex of cultural, natural, political and economic conditions would be identical to another one.

The re-emigration regulation in Ukraine has to be outlined with specific objectives, be consistent with national interests and regional features and aim at leveling and reducing migration risks.

The applied measurement of a regulatory impact on labor re-emigration is reflected in the category of "*mechanism*". The essence of the

mechanism is differentiated with considering it as the process (method of organization), and a set of instruments. The first approach is found in the works of V. Bakumenko, D. Beznosenko and the representatives of the Russian scientific school V. Ivanov, Yu. Tykhomyrov et al. The systemic approach is quite popular in the theory of public administration and state regulation of the economy (V. Kniaziev, A. Lipentsev, N. Nyzhnyk, O. Mashkova, R. Rudnitska, O. Sydorчук, O. Stelmach and others). The consideration of the mechanism as a set (means, instruments) is given in the papers of V. Averianov, V. Malynovskyi and others. The authors have taken the focus of mechanism consideration as instruments of influence on the controlled object. In this case, the object is labor re-emigration processes.

There are a lot of approaches to the classification of regulation mechanisms like to understand their essence. For example under the approach of V. Priadko and N. Sokrovol'ska, impact mechanisms may be legal, informational, financial and credit, innovative, economic, institutional, environmental, investment and others [1, p. 55].

This classification is quite detailed causing controversy by some types. The authors believe that a more appropriate and responsive approach to classifying the mechanisms of regulating labor re-emigration processes is the mechanism division of O. Korotych into administrative, legal, economic, political, socio-psychological, moral and ethical and complex public controlling mechanisms [2, pp. 126-127]. This is the approach taken by the authors as a basis for developing a typology of the mechanisms of labor re-emigration regulation.

RESULTS

The mechanisms of labor re-emigration regulation and traditional and modern approaches for each of them offered by the authors are shown in *Table 1*.

Table 1

Typology of the mechanisms of labor re-emigration regulation in the region

Mechanisms	General characteristics	Traditional mechanisms	Modern mechanisms
Administrative and legal	Legally enforceable rules of the regulation of labor re-migration processes	<ul style="list-style-type: none"> - Legislation, concepts, strategies, programs - Standards, licenses, migration quotas, cards - Bilateral & multilateral agreements on training, social insurance - Agreements on migration regulations, border cross, local border traffic 	<ul style="list-style-type: none"> - Target programs oriented on skills in specific areas - Concepts of grants on employment, business, re-emigrants' self-employment - Internship programs for youth and specialists in the areas needed urgent improvement

Economic	Return stimulants, oriented on job availability, high wages, self-employment, business opportunities, training	<ul style="list-style-type: none"> - Minimum wages - Budget & fund financing - Preferential taxation of migration investment - Lax credits (for business, housing, education) - Return to employers for re-emigrant employment - Special credit, deposit programs in banks for labor re-emigrant savings 	<ul style="list-style-type: none"> - Preferential crediting of business and self-employment in priority sectors of the economy - Interest-free crediting social entrepreneurship - Preferential taxation and business crediting in rural areas with attraction of migration capital - Migration bonds
Organizational and political	Measures of specific authorities, highlighted in public and in cooperation with other institutions	<ul style="list-style-type: none"> - promotions of regions-donors - Various forms of inter-institutional cooperation (advisory boards, working groups, local councils). 	<ul style="list-style-type: none"> - Coordination centers of labor re-migration stimulation - Institutes of re-migrants' self-organization
Socio-psychological	Creating the conditions of adaptation and re-integration of migrants, their social security and their families	<ul style="list-style-type: none"> - Social insurance, assistance, counseling - Guarantees of work & accommodation safety - Psychological training, courses (re-training, open qualification) 	<ul style="list-style-type: none"> - Informal new business-education forms - Forming the culture of social cohesion, mutual help
Information	Giving information on job opportunities, business prospects, training in the region of origin and self-employment	<ul style="list-style-type: none"> - Keeping web portals, forums - Publishing - Work with the Diaspora, church and community organizations in the region-recipient - Working through the structures of embassies and consulates 	<ul style="list-style-type: none"> - Using Internet for the creation of virtualized communication networks with potential labor re-emigrants

Source: created by author

Since re-emigration is a process formed and implemented under the influence of a number of factors of a migrant's internal structure and the environment, its regulation requires formation of favorable environmental return conditions rather than a direct impact [3, p. 61]. It can be achieved through a combination of different mechanisms: 1) organizational and political activity with appointing the Institute-Initiator of the event on labor re-emigration, information dissemination with public evaluation, the perception assessment by migrants and their families; 2) legal certainty of a certain event implementation; 3) economic certainty of the event implementation with sufficient funding and effectiveness evaluation; 4) informational support of the event implementation with active promotion through the media and institutions that communicate with potential labor re-emigrants; 5) socio-psychological support including methods of re-adaptation and

reintegration of labor re-emigrants during their physical movement and return to the region of origin. The time measurement of these mechanisms application is intertwined and mutually added. Thus, providing a synergistic effect is necessary to make labor re-emigration processes more effective.

The approaches to the distribution of regulation mechanisms often involve defining their character depending on the *functions* they perform. It can be target, catalytic, regulatory, corrective, social and regulatory functions [4]. The functionality of the regulation mechanisms of labor re-emigration determines their effectiveness.

The overall evaluation of mechanism effectiveness can be carried out by the following cuts: effectiveness (target effectiveness) as the ratio of a performance result to the target; economical efficiency as the ratio of a performance result to the costs; needs efficiency as the degree of the need reflection in the goal, the choice of the most effective reflection means; profitability as the ratio of a result to the needs [5, p. 68].

Regarding labor re-emigration processes a needs efficiency approach is very important, as it reinforces the importance of laying the needs of different institutions of the re-emigration regional system as migrants and their families, society and the region's economy into the basis of goal guidelines.

Thus, the mechanisms of labor re-emigration regulation in the region have their own specification and functionality. As labor re-emigration processes cannot be reduced to the stage of returning to the region of origin, the application of regulatory mechanisms should be enhanced starting with the emigration stage. A person who emigrates must maintain communication with the region of origin, not only through family contacts, but also economic and societal (the sense of belonging to society) relations. Economic ties include investment in the regional economy. In this respect, the authors can distinguish passive and active re-emigration.

Passive labor re-emigration implies the state of a migrant's staying outside the region of origin in which he regularly invests migration capital in its economy. This may be both funding consumer expenditures, to what money transfers of labor migrants in Ukraine are generally directed and investment in business, real estate, human capital of family members (education, health), savings in banks, etc. [6, p. 140].

Active labor re-emigration involves actual physical movement of persons able to work to the region of origin. It can be repeated (pendulum) forming migratory circulations or providing return without focusing on repeated re-emigration. It is important that passive re-emigration forms were transformed into active ones, but even otherwise they can partially level migration risks – due to making investment into human capital more effective.

DISCUSSION AND CONCLUSION

Thus, the mechanisms of labor re-emigration regulation in the region are quite diverse. Their effectiveness depends on how well they are related to each other, as well as on the synergy of their functionality. The use of regulatory mechanisms in regions should be specific, according to migration trends and the socio-economic situation with the construction of regional systems of labor re-emigration. It is important that labor re-emigration regulation meant the specific allocation of priority actions at various stages of labor re-emigration process.

The variety of regulation mechanisms of labor re-emigration requires the systemic vision of goal guidelines of the impact on these processes. Regulation variability must be outlined in a legal plane. Target programs with clearly defined priorities of regulations, expected results, responsible institutions, financial and logistical support should be the basis for the formation of regional systems of labor re-emigration. Therefore, a target-oriented approach should be the most effective way of labor re-emigration regulation from the perspective of the positive determination of the region's socio-economic development.

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ATL, BTL AND TTL MARKETING SUPPORT OF THE SALES

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Abstract: *The paper summarizes the theoretical concepts of ATL, BTL and TTL marketing support of the sales. It gives the specifics and differences among these three promotional complexes. An opportunity is presented in the context of the highly fragmented and competitive internet environment where accumulated consumer data can create specific fundament for stimulation of any potential client.*

Keywords: *above the line (ATL), below the line (BTL), through the line (TTL), promotional strategy, promotional instruments*

INTRODUCTION

The development of every business and economic system is in constantly repeating cycles of varying duration and intensity of expression that reflects the factors determining the change in the economic situation and express the resources availability and systemic challenges, opportunities and risks of the environment.

Sales function gives meaning to the existence of the business, it is not autonomous, but related to other business components and activities. So, the change in one of them invariably leads to the impact on others, but mostly on economic performance of the business at all. However, trade is a catalyst for change and its success determines the ability to adapt to market conditions and extracting the optimum effects of any economic situation and market trend. The main strategic focus of the remaining components and activities determines the effectiveness of trade, but it has tools to stimulate sales and to motivate and encourage all participants in the economic process. With their help can be activated rational and sometimes irrational economic behavior and provoke action, causing the exchange.

Current market realities provoke a change in the conventional understanding of promotional communication and its economic efficiency. So gradually the resources applied to support the implementation of trade are distinguished into three groups, among which sometimes can hardly be placed dividing line, but they are all united around a rational approach for stimulating consumer demand to make the sale.

The main aim of this article is to summarize theoretical framework and specifics of marketing complexes to support sales, factors for their improvement, areas of application and opportunities for development.

METHODS

The research methods used to achieve the main scientific purpose in the present study are: theoretical analysis, synthesis and generalization.

THEORETICAL ASPECTS

The complex of tools to inform and attract consumer attention is constantly being enriched to satisfy formed loyalty or to incite new preference. The current market situation shows indications that already is reached the phase in which the promotional toolbox is expanding to reach from the mass standardized to individual customer-oriented approach. Today's reality is achieved by using digital media and digital technologies through which it is possible to accumulate massive amounts of information about consumer preferences and past behavior of each client. This individual approach is deployed on its automation and quantitative homogenization that allows individual solutions to inform and stimulate users can be accumulated to create mass applicable promotional strategies. This is because despite the significant consumer heterogeneity of individual customers by aggregating common between them by which is possible to create relatively equal stimulating complexes for each customer segment. The main reasons for the implementation of well-organized and managed promotional strategy are related to the scope for increases in sales volumes, accelerate product turnover, boost loyalty, positioning and repositioning of the brand, the formation and consolidation of corporate image, increase market at all and market share, development of competitive advantage, increase the economic efficiency of business and others [1, pp. 51-56].

Organizations typically differ in terms of resources and there is no single standard model to stimulate customers to produce the desired results, but rather is applied a broader approach that serves to distinguish one from the other economic agent. Business practice in developed market economies historical forms approach bringing together the instruments of sales promotions in the complex of two strategies: Above the Line (ATL) and Below the Line (BTL), and later appeared a third, more unifying approach called Through the Line (TTL). Focus on the first two of these instrumental complexes are different, the combination "above the line" is conducting the mass media to reach a broader audience using the standardized message and the same for all users of complex effects. In contrast to it the events "below the line" implement activities that are individually targeted to the specifics of any sales situation. Historically, their name is the result of applied accounting approach for their first reporting and recording. Finally by unifying approach "through the line" seek synergistic effect of combining the advantages and overcome the shortcomings of each of the other two approaches or weaknesses of different stimuli. The main considerations underlying the expansion of the arsenal of promotional tools are related to

[2, p. 256]: 1) relative increase in the cost of advertising, because consumers who have been subjected to too many influences gradually lose sensitivity to the presented messages and this requires the application of more complex and more costly promotional strategies; 2) a new branch of the business is formed by innovative agents that specialize in carrying out comprehensive marketing services, as large companies have traditionally applied outsourcing of similar activities to focus on what they are the best; 3) an increase in impulse purchases where the value of the product to the consumer and the method of its positioning and performance in the point of sale can be a source of additional incentives to sell; 4) shortening of the horizon in the life cycle of the models of a product pressed participants in the distribution channels, mainly producer and agent of final exchange to be extremely aggressive in offering incentives to purchase; 5) micro-marketing approach where in each fragmented market direct promotional tools have a significant impact force than the application of the tools of mass media advertising; 6) the effect of "snowball" where if a market promotions are often used, the competitors are involved in their implementation, in order not to lose their market positions and shares; 7) unlike other elements of the marketing mix, promotions are subject to best operational management. Changing the product, price or place takes time on implementation and costs associated with several of significant attendant risks; 8) individual promotional tools have different economic efficiency, which thanks to modern digital technologies can be more accurately evaluated. The specific distinctness of individual marketing complexes can be generalized up as follow: ATL is associated with the use of mass media to promote the brand (*Table 1*).

Table 1

Comparing ATL, BTL and TTL strategies

ATL	BTL	TTL
<ul style="list-style-type: none"> - apply to the macro level; - mass media distribution; - high standardization degree; - broader audiences; - mass range of impact; - support the image; - indirect assessment of the effects; - information is estimated subjectively at the stage of awareness of need; - conditional objectivity of the message; - lack of feedbacks; - absence of information to how many people reached and others. 	<ul style="list-style-type: none"> - applies to the micro level; - non-media distribution; - individual approach to each case; - segment target audiences; - large force of impact; - attracting and encouraging loyalty; - direct assessment of effects; - implemented mainly in the trading environment; - subjective element of impact; - responding to objections and real-time corrections of offers; - subjective selection of those, who will receive promotional incentives and others. 	<ul style="list-style-type: none"> - both apply to macro & micro level; - both media and non-media distribution; - standardized & individual approach; - mass & targeted audiences; - simultaneous brand support, image and boost consumer loyalty; - part of activities is indirectly and for other part direct assessment is supposed.

Source: created by author

Thus, it aims to reach the large and sometimes difficult definable user groups and target audience depends on the profile of the media used. Conventional media resources are used primarily, but in today's world of globalization increasing popularity acquire Internet as a powerful information channel and exchange environment. By conventional mass communication is achieved wider audience targeting, but difficult to achieve individualization. Therefore, ATL seek common spread among the audience, in other words "includes everything that is done for the user before he entered the retail premises" [3, p. 382]. Thus, desired effects are achieved through standardized one-way direct impact of advertising. So, ATL apply asymmetric approach of communication in the form "one is too many".

The BTL apply those incentives through which the point of sale customer may be forced to choose a specific brand or product (*Table 1*). This approach defined as peer-to-peer of non-media communication to reach a particular user at the point of exchange. Hence is the need for the implementation of a broader arsenal and non-traditional techniques using high degree of interactivity and developed according to each case. Often, this approach requires a serious and sometimes direct engagement of own promotional department of the manufacturer or distributor company and therefore it can be applied without the mediation of an advertising agency or other specialized media intermediary. It achieves maximizing relation "stimulus-response" clearly expressed through the sale realization. It requires the ways of stimulating consumer interest to be used with a high degree of brand and product specification, which is more cost-efficient and thus, ensure a more rapid achievement of the desired effects and their direct measurement.

Offering users with additional utility as an upgrade of the main shopping offer is not necessarily related to the discount of the regular price. This kind of stimulation is directed towards to accelerate product turnover of a specific sales unit or product group and it is accompanied by various economic effects. Moreover, its influence is very limited in time, prolonging the offering led to its gradual adoption as part of the basic offer and need for the implementation of additional new incentive that requires re-increase of input resources for this purpose. However, additional pressure is obtained by the action of competitive mechanism where other market participants adapt the same or improve this promotional policy. Unlike ATL, where if all companies subject to similar instruments impact on audiences, it does not create a bad image, but the systematic use of a promotional BTL technique may have similar adverse effects.

The TTL as a unifying approach combine tools of ATL and BTL. Thus, it is achieved an integrated marketing communications for enhancing the effect and overcome some of ATL and BTL limitations. The main reason for its occurrence is growing hyper-fragmentation of the consumer market. In

this contingent liability approach ATL cannot guarantee an unambiguously satisfactory result that stimulates active promotional impact by BTL in point of sale, to the extent of market aggression.

OVERVIEW OF FUTURE DEVELOPMENT

The leading company for investment media management Group M part of global group WPP formed forecast for global advertising expenditure in 2017 in a volume of 522 billion USD which is an annual growth rate of +4.3%, and it complements the overall costs of marketing services all over the world for the first time in 2017 will reach the critical value of 1000 billion USD [4, p. 23]. Achievability of this positive forecast is despite the volatile changes in economic growth and economic recession, which holds the development of certain countries and regions, but continues to be driven and fundamentally linked to processes of growing urbanization and consumer confidence, political instability, the migration to digital media platforms and others drivers of market environment. So, with the advances in technology development and proliferation of promotional tools that policy will escalate.

Future development will increasingly be shaped by the advent of digital technology in everyday life. They allow the creation and growth of new forms of communication and promotional impacts. Behind this digital evolution is a rational response to "buyers who rely on product information provided by other customers more than the information provided by the company, leading to more actively producing and distributing information from customers" [5, p. 139]. So, by blogging, internet forums, content sharing, communicating through social networking, integration through platforms for games and more is creating a new environment for the promotion and targeting consumer demand. In this way, highly fragmented online customers can be more accurately segmented and get the right set of ATL, BTL or TTL combined impacts. Moreover, through semantic, contextual and behavioral analysis and others techniques of storing and tracking of Internet users can be sought and reached relations that allow Internet content to be adapted to the individual user.

Thus, continuously growing web-based information can be managed and optimized to the extent to satisfy better the specific user searches, consumer preferences, automated customization of creative precise targeting of different promotional tools (banners, links and other forms of online display advertising). Such digitization allows lines among stimulating complexes to be further blurred, which is not a disadvantage, but new impetus for their improvement and better use. So, by changing lifestyle and the strong commitment of business to the Internet is changing the way consumers perceive the Internet from a place of entertainment to the environment for doing business.

CONCLUSION

Today shopping of end user is increasingly taking on the traits of a mission to detect the best commercial offer. In this increasingly is developed multi-channel market approach where the loyalty of end customer is boost to the fullest extent of the formation of commercial offers, combining offering as a mix of benefits. The integrated approach to product offering combines a wide range of tools used to arouse consumer interest. In this, the targeting of impact is not achieved as a product of mass application of broad stimulating techniques, but it results from the use of customer information and is historically registered in the database market behavior. Thus it can be created a unique complex which directs and forced realization of sales at the micro level in a customer-oriented approach, which can even be automated.

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FINANCIAL MANAGEMENT: INNOVATIVE ACTIVITY OF INDUSTRIAL ENTERPRISES

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Abstract: *Effective innovation policy (strategy) of a business entity is formed as system-oriented management software based on a problem-oriented approach. The general objective of innovation is to provide specific opportunities of an economic entity in the long-term period with a maximum detection of internal capacity. Internal capacity is not only the willingness to meet market requirements in perspective (production consumers), changing economic conditions in the resource markets, state fiscal policy, but also the internal technical and economic potential and management.*

Keywords: *innovation activities, innovation policy, innovation strategy, company, innovation project*

INTRODUCTION

The development of innovation strategy at the enterprise is the prerogative of the higher levels of management. It is based on solving the following tasks: setting strategic goals, evaluation of the company's capabilities and resources, analysis of marketing, science and technology trends, identification of innovative projects and assessment of potential opportunities based on defined criteria. Management of innovative projects can be treated both as the process of making managerial decisions and as the organization system. In the former case innovation project involves a series of interrelated stages while the latter can represent innovations management as a structure which involves the composition and the relationship of controls, regulation of their functions, duties, rights and responsibilities [1].

Considering these aspects, managing an innovative project should be understood as the process of making and implementation of management decisions related to the determination of objectives, organizational structure, planning of actions and monitoring their progress, aimed at implementation of an innovative idea.

MATERIALS AND METHODS

Innovative project management should be based on a set of scientifically based and field-proven principles.

The main principles are: 1) The principle of selective management. Support for projects developed in priority areas of science and technology; 2) The principle of projects target orientation to achieve the ultimate goals. Building bridges between the needs in creating innovation and implementation capabilities; 3) The principle of project management cycle completeness. This principle suggests closed ordering of parts of the project treated as independent systems; 4) The principle of phasing of innovation processes and project management processes. This principle requires the description of a full cycle of each stage of formation and realization of the project; 5) The principle of the hierarchical organization of innovative and managerial processes involves their representation, with varying degrees of detail, an appropriate level of the hierarchy. All levels of activity are consistent with each other, so that downstream level is subject to a higher level, and the states of process (decisions, objectives, outputs and outcomes) at a higher level are required in determining the states of subordinate levels; 6) The principle of multi-variances when making management decisions. Innovative processes are strongly influenced by uncertain factors taken into account in the management process. To reduce the degree of uncertainty it is necessary to use multivariate preparation of alternative decisions on the choice of the ultimate goals of the projects, alternative ways of achieving them, of the integrated maintenance of works, cost and duration of works, and inventory resources; 7) The principle of systems, consisting in the development of aggregate measures necessary for the realization of the project (economic, organizational, legislative, administrative, technological, etc.), in conjunction with the concept of development of the country as a whole; 8) The principle of comprehensiveness. It is meant that the development of individual tied together elements of the project structure that achieve sub-goals should be in accordance with the general (common) aim of a project; 9) The principle of provision (balance), consisting in the fact that all activities authorized in the project, are provided with various kinds of necessary resources for its implementation: financial, informational, material and labor.

RESULTS

In general the control loop can be represented in two stages: the development of the innovative project management and implementation of innovative projects. In the first stage project objectives and expected outcomes are defined. First stage also assesses the competitiveness and prospects of the project and potential synergies, forms part of a set of activities and tasks of the project, carries out project planning and design of it. It is important at this stage to assess the possibility of realization of the project [2]. In the second stage organizational forms of management are selected. This stage solves problems of measurement, forecast and evaluation

of the present situation to achieve operational results, costs, time, resources and finances, analyze and eliminate the causes of deviations from the developed plan, forms a plan of correction. From the theory of control systems point of view the project as an object of management should be monitored and managed. The main characteristics of the project are highlighted, which can help you constantly monitor the progress of the project.

Manageability is carried out through mechanisms for the timely impact on the progress of the project in all its basic parameters. Controllability property is closely related to the conditions of uncertainty that accompany almost any innovative project. That is why for handling a wide range of changes in the characteristics of the project it is advisable to use econometric models that take into account the presence of random factors and risk situations. Analysis of these models is carried out with the help of modern information technologies, and the results of their analysis can provide reliable solutions in situations of incomplete information about the nature of control processes [3].

Each project, regardless of the complexity and volume of work required to implement it passes in its development certain states from idea to completion of the project. Project Management Institute identifies six basic functions of project management: 1) Control of project scope: Subject area of the project (project goals, objectives and work, their volumes together with the required resources) during its "life" is changing and there is a need to manage the project scope (sometimes they say "managing for results", "job or volume control"); 2) Quality management: For the project requirements or standards of the results quality by which to assess the success of the project should be established. Determination, control and support of these requirements throughout the "life" of the project require the implementation of quality management; 3) Time management: Each project is set a period of time and project deadlines. Time is the most important, but the "inflexible" resource, so, all the work and interaction of all participants should be carefully planned, controlled and timely action should be taken to eliminate or prevent unwanted deviations from deadlines; 4) Cost Management: Each project has a fixed budget, but not every project is completed within budget. Cost is closely associated with time, but unlike it is a flexible resource; 5) Communication management or management information links: To monitor the status of progress of the project, its surroundings and the forecast results must be applied retrospectively information link. Management information links provides a timely response to external and internal disturbances; 6) Risk management: Implementation of the project due to the uncertainty of many elements, the probabilistic nature of the processes, and therefore risks. Level of project risk can be reduced by taking special measures. And specified level of project risk can be achieved with minimal effort. However, it requires a thorough study of the nature of the project and its environment.

Determination of these functions is justified by the fact that they are defined based on the most important criteria for evaluating such projects as: 1) Technical feasibility (defined by project scope and quality); 2) Competitiveness (defined by quality, time and costs); 3) Labor input (effort spent on the project, as measured by time and cost); 4) Viability (defined subject area, cost, and risk); 5) Effectiveness of the implementation of the project (defined by participating staff, communications, supply system).

In the process of analysis and evaluation of the project the following key aspects of its implementation are taken into account: 1) Technical aspects: technical feasibility of the project and its use of the best available technical alternatives; 2) Marketing aspects: prospects of the project (adequacy of effective demand for the products of the project); 3) Financial aspects: the viability of the project in terms of investment, compensation cost for the project, the project's profitability, financial risk, etc.; 4) Economic aspects: economic feasibility, evaluation of the project, the cost of its operation and implementation, economic risks, profitability of the project, the availability of adequate incentives for various project participants; 5) Organizational aspects: presence of the responsible for the project as a whole organization, form the performance of its functions for the preparation, operation and management of a project throughout its life cycle.

DISCUSSION AND CONCLUSIONS

Successful completion of the project is defined as the achievement of the objectives of the project, not going beyond the limits. Targeting of the project and its complexity is provided by the following: 1) The system of quantitative parameters reflecting the goal of the project; 2) Balance of project resources; 3) Possibility of perforated control from the beginning to the end of the project and achievement of the desired economic effect during its life cycle.

The composition and content of the work on the project can be divided into the following phases: 1) formation of the concept; 2) business proposal development; 3) planning; 4) preparation; 5) delivery of an object and project completion. Currently, the main type of innovation is the acquisition of scientific and technical products to implement technological innovation, this type of activity include over 50% of the costs of all spending on innovation of industrial enterprises, since the creation and implementation of their own scientific technology as the process is long-term and difficult to predict. Any project requires the use of project management methodologies. Specialization of the project is decomposed into its structural model on several levels at partial objects and processes. And because the project model may vary in its implementation, it is necessary to systematically manage changes, to control their behavior and impact on the timing, costs and other characteristics.

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MECHANISM OF INNOVATIVE ACTIVITY OF INDUSTRIAL ENTERPRISES

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Abstract: *Innovative policy at the enterprise is determined by the process of foresight of global economic changes, finding and implementing large-scale solutions to ensure the survival of the business and its sustainable development by emphasizing on future success factors identified. It involves combination of technical and investment policies and aims to enroot new technologies and products. Managing innovations solves questions of planning and realization of innovative projects designed to significantly push the quality of business environment forward.*

Keywords: *innovation activities, innovation policy, innovation strategy, company, innovation project*

INTRODUCTION

Let us imagine the process of implementing an innovative project as a "black box", the entrance of which are scientific and technical production, capital, material and labor resources; result of the work is to achieve the desired economic effect (*Figure 1*).

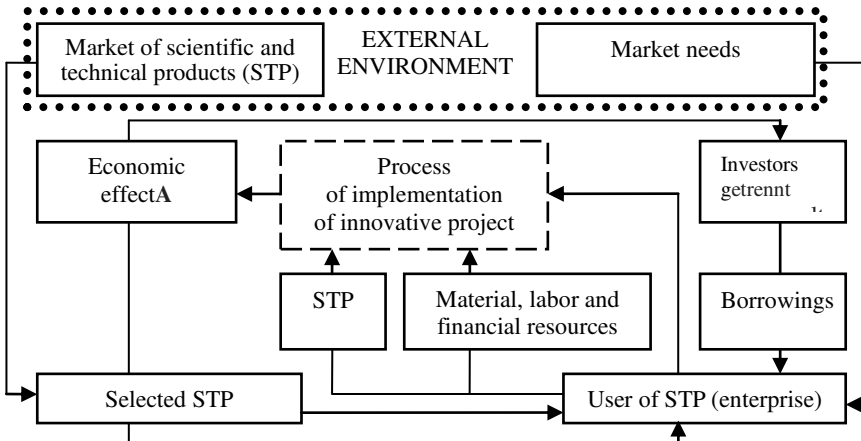


Figure 1: Mechanism of innovative activity of industrial enterprises

Source: created by author

Execution of works is provided by the utilization of necessary resources: material, labor and capital. This aim is achieved through effective management of an innovative project that provides a rational allocation of resources, coordination of works executed sequence and compensated the impact of internal and external environmental factors [1].

MATERIALS AND METHODS

The main objective of the course in an innovative project is to provide the necessary resources and control of these resources. Innovative project, considered as a process taking place in time, includes the following steps:

- Creating innovative ideas. It is a process of the birth of the innovative ideas and formulating the general (finite) project objectives. At this stage, the ultimate goals (quantitative assessment of volumes, terms, profit margins) of the project and identify ways to achieve them are defined subjects and objects of investment, their forms and sources;

- Development of the project. It is the process of finding solutions to achieve the ultimate goals of the project and the formation of articulating time, resources, and implementing complex tasks and objectives of the project implementation activities. At this stage, carried out a comparative analysis of the various options for achieving project objectives and selection of the most viable to implement, developed a plan for implementing innovative project to decide on specific organizations for project work (project team) made a competitive selection of potential contractors of the project and contract documents issued;

- Implementation of the project. This is a process towards realization of the goals of the project. At this stage the control of execution schedules and resource consumption, correction of deviations and operational control of the implementation of the project are being held;

- Completion of the project. This is the process of putting the project results to the customer and closing contracts (agreements). It completes the life cycle of an innovation project.

RESULTS

Innovative project is divided into product-themed plan, calendar plan, techno-economic (resource) plan and business plan [2].

Product and thematic plan of an innovative project represents tallies on resources, timeframes and implementation of complex tasks of R&D, as well as work of their provision for effective implementation of the project objectives.

Effective method for developing product-thematic plan are software-oriented methods, tools as "objectives tree" and "tree work", and the main form the development of a comprehensive program of the project.

Calendar plan of an innovative project is for the duration and the amount of work, start and end dates of work, themes, product and thematic plan tasks, reserves of time and amount of resources required for the project. Calendar calculations are aimed at regulation of coherent and consistent progress based on their sequence and appropriate relations to each topic (task) of the plan and implementing detailed schedules, as well as for the whole project (combined optimal calendar plan).

Techno-economic plan (or resource) is a resource supply plan of an innovative project (logistics, mining, information and money); it determines the composition and the need for resources, delivery time and potential suppliers and contractors. In the process of resource planning to develop and carry trades contracting, concluded agreements (contracts) for delivery. A resource supply contract is a fundamental document regulating the timing, amount and terms of delivery resources. One special kind of resources is cash (finance). Costs planning should be carried out in such a way that they can meet the financing needs for the entire time of the project.

Business plan of an innovative project allows evaluating and justifying the feasibility of the project in terms of competition. Business plan is a short policy document that gives an idea about the objectives, methods and expected outcomes of the innovation project. The value of it is that it enables us to determine the viability of the project in terms of competition contains criteria landmark of the project development and is an important instrument of financial support from outside investors.

The following steps for creating and implementing an innovative project: selection and preliminary study of innovative ideas, research investment opportunities of the enterprise; feasibility study of the project, implementation of the project. Details of these steps are shown in *Table 1*.

Table 1

Basic steps in the creating and implementing innovative project

Stage	Stage characteristic
Selection and preliminary study of innovative idea	A preliminary study of an innovative idea. Innovative, patent, environmental analysis of technical or scientific solutions. Checking the need to implement certification requirements. Preliminary approval of the innovative plan with the federal, regional and industrial controls.
Research of investment capabilities of the enterprise	Preliminary study of the demand for products. Compilation of sales promotion activities. Assessing the level of current and forecast prices for the products. Determination of the maximum amount of the proposed investment. Preliminary assessment of the economic efficiency of the project. Development of an innovative proposal for potential investors.
Feasibility study of the project	Doing a full market research (demand, supply, price, major competitors, and sales promotions). Preparation of the program output for the useful life of the project.

	<p>Development of technical solutions, including: general plan of technological solutions (analysis of the technology, load the existing production capacity of proposals to modernize production, purchase of scientific and technical products, productive expansion), production plan, determining the raw material composition, fuel and energy resources, components.</p> <p>Development of estimate and financial records (table of investment costs, funding sources table, table of production costs; calculation table of profit, financial flows, payback period, discount rate, etc.).</p> <p>Risk-assessment related to the project.</p> <p>Determination of the innovation project duration.</p>
Realization of the project	<p>Preparation of research and project documentation.</p> <p>Construction and installation on the technological development.</p> <p>Organization of production.</p>

Source: created by author

According to the above presented research, as well as other research scientists and economists' technique, analysis and evaluation of innovative projects is presented in the form of the following sections [3]: 1) Analysis of the situation in the industry; 2) Market analysis products of the project; 3) Marketing plan; 4) Production plan; 5) Main technical and technological solutions; 6) Providing resources; 7) Assessment of impact on the environment; 8) Plan of production and sales; 9) Implementation plan of the project; 10) Expected impact of the project.

CONCLUSIONS

Calculation of economic efficiency is based on the calculation of cash flows (*Table 2*).

Table 2

The main technical and economic indicators of the project

No.	Indicator
1	Beginning of the project
2	Duration of the investment stage of the project
3	Duration of the maintenance period
4	Calculation period
5	Number of additionally created workplaces
6	Total volume of investments
7	Production volume (in kind)
8	Sales volume (in monetary terms)
9	The amount of taxes and fees for the period of calculation
10	Net profit for the period of calculation
11	Net present value
12	Internal rate of return
13	Modified Internal Rate of Return
14	Payback period (from the beginning of investment, from the beginning of use)
15	Discounted payback period (from the start of investment, from the beginning of use)

Source: created by author

Management of innovations of industrial enterprises is primarily the search for the most efficient options for putting into use financial, human and material resources in accordance with the potential of its strategic development. Thus, there arises the problem in the development of aggregate indicators characterizing the choice of the innovative project with the necessary resources for this. Using this innovative project rationale, must be taken into account, not only the production capacity, an investment and market opportunities of industrial enterprises must be taken into account, but also macro environment in which the business operates.

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COMPARATIVE ASSESSMENT OF THE CURRENT PARAMETERS OF THE ROAD AND RAILWAY NETWORK IN BULGARIA

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Abstract: *The present paper deals with a comparative assessment of current parameters of the road and rail network of Bulgaria and selected European countries, which are comparable in historic and economic aspect. For this purpose, indicators for the density of the road and rail network, measured in km/1000 km² and degree of contentment of the population with road and rail network, measured in km/10000 people are calculated. Based on the conducted empirical research, conclusions about the state of the transport infrastructure of Bulgaria are drawn.*

Keywords: *road transport, rail transport*

INTRODUCTION

The regular monitoring of the parameters of the road and rail network of Bulgaria, in comparison with countries from the former socialist camp, is a barometer for the adequate development of the country regarding the provision of economic processes and migration of the population on the one hand and on the other is an opportunity for assessment of the transport potential in the highly competitive market developed at European level.

The *purpose* of our paper is, based on the assessment of the current parameters of the road and rail network of Bulgaria in comparison with selected countries, to formulate conclusions about their condition.

MATERIALS AND METHODS

For the purposes of the empirical analysis are calculated metrics for:

1. Density of the road and rail network, measured in km/1000 km².
2. Degree of contentment of the population with road and rail network, measured in km/10000 people.

RESULTS

For achieving the target of the research are systematized data and calculated indicators for the density and degree of contentment of the population with the road and rail network for countries selected for their historical attachment to the idea of functional unity of a society, subject to the principles of socialism (*Table 1* and *Figure 1*).

Under the indicators for density of the road network Bulgaria is inferior to all countries included in this study. The reasons for these values of the indicators can be consolidate to two basic ones. One reason is that the country is the third largest and only Poland and Romania occupies a larger area and the flat and hilly terrain of the country should also be considered. The other reason is the insufficient level of awareness of the investment activity importance in road infrastructure for the socio-economic development of Bulgaria and its regions. In purely social plan, the development of roads contributes to the opening of new industries, improves accessibility, social contacts, education, medical services, increases income and stops the depopulation process [1, p. 1].

Table 1

**Indicators for density and degree of availability
of road and rail network for selected countries**

Country	Length of road, km	Railway lines, km	Area, sq. km	Population	Roads density, 1000 sq. km	Satisfaction with roads per 10000 citizens	Railway lines density 1000 sq. km	Satisfaction with railway lines per 10000 citizens
Bulgaria	19853 (2015)	4019	111000	7153784	178,856	27,752	36,207	5,618
Czech Republic	130661 (2011)	9622	78867	10644842	1656,73	122,746	122,003	9,039
Estonia	58412 (2011)	1196	45228	1265420	1291,50	461,602	26,444	9,451
Croatia	29410 (2011)	2722	56594	4464844	519,666	65,870	48,097	6,097
Latvia	72440 (2013)	2239	64589	1986705	1121,55	364,624	34,665	11,270
Lithuania	54166 (2014)	1768	65300	2844433	829,495	190,428	27,075	6,216
Hungary	203601 (2010)	8049	93028	9897541	2188,60	205,709	86,522	8,132
Poland	423997 (2016)	19837	312685	38562189	1355,99	109,951	63,441	5,144
Romania	84185 (2014)	11268	238391	21666350	353,138	38,855	47,267	5,201
Slovenia	38985 (2012)	1229	20273	1983412	1923,00	196,555	60,623	6,196
Slovakia	54869 (2012)	3624	49035	5445027	1118,98	100,769	73,906	6,656
Macedonia	14038 (2012)	699	25713	2096015	545,95	66,975	27,185	3,335

Source: completed by author according to [4]

From the standpoint of economic specifics, provision of road infrastructure leads to an increase in production, turnover, employment and contributes to the success of "those economic agents, who manage to harness the highly dynamic market environment by offering optimally structured trade services, which can satisfy the growing requirements of consumers" [3, p. 184] and to increase the competitiveness at company, sectoral and national level.

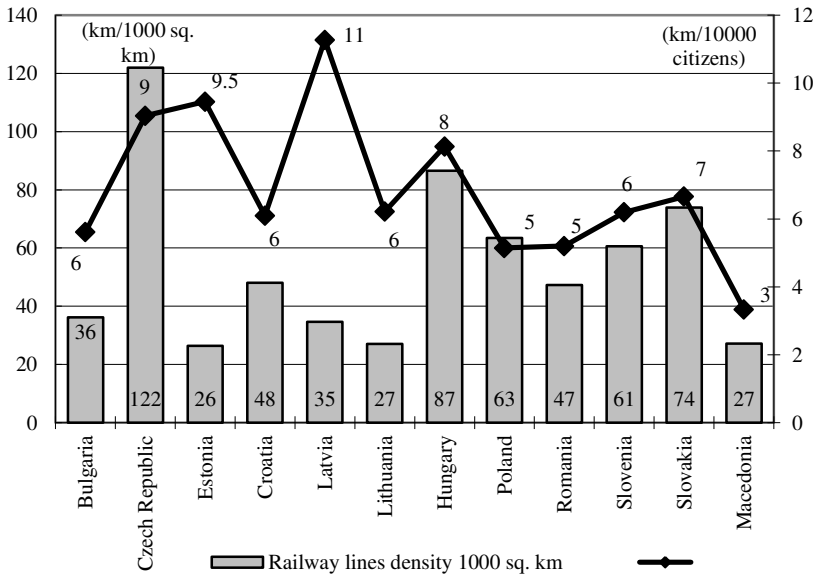


Figure 1: Indicators for density and degree of availability of road network for selected countries

Source: completed by author

The ratings on the contentment degree with the road network of Bulgaria are similar that is the country again has the lowest parameters compared to the other countries included in the study. Only 27752 km/10000 people, which is over 3.5 times less than the values reported for Slovakia, which is the closest to Bulgaria by population. Therefore, the road network of Bulgaria is lagging behind in its development compared to other countries and this will affect its economic and social future. Although road transport has the highest share in the total transport activity of the countries on global and European level (over 75% according to Eurostat), rail transport has traditions, based on its advantages both from an economic point of view, the low cost per unit load when transporting bulky loads over long distances and the from position of the idea for ecological space. The building and maintaining of railways contributes for the operation of this alternative transport.

The indicators that measure the density and degree of contentment with railway lines in Bulgaria are below the average, measured for the selected countries, but the deviations, especially for the degree of contentment, are close to 1245 points, which is an indicator of the existence of material and technical base, quantitatively providing the migrations of population with railway transportation (*Figure 2*).

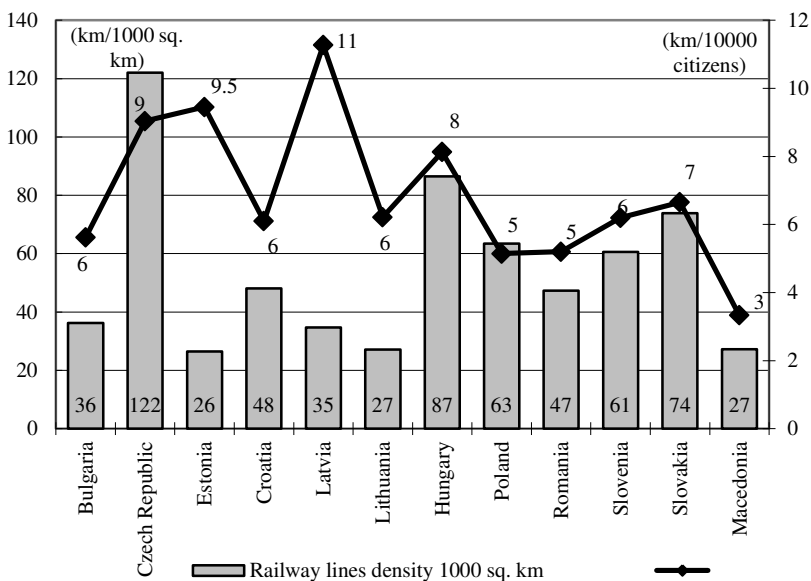


Figure 2: Indicators for density and degree of availability of rail network for selected countries

Source: completed by author

The key word here is quantitative provision of the population with railway infrastructure, as the problems of the transport sector of the country are focused on the quality of the exploited rail network, which is not close to the modern transport solutions that are implemented in a number of other countries in the field of railway transport.

If we follow the indicators concerning the evaluation of road and rail network in Bulgaria in dynamic plan for the period 2000-2015, we will establish that the country has made some progress since the highways in absolute terms have increased their length with 410 km for 16 years, second class roads with 193 km and third-class roads with 243 km (Table 2).

The other road arteries and the railways have reduced their length and consequently this affects the density indicators, as they compare the length of roads with the constant territorial scope of the country. Respectively the degree of contentment as a relative measurement is influenced by the dynamics of change and the number of population, which for Bulgaria has a declining trend; therefore these indicators will be higher. Unfortunately, this growth derives not from the expansion of road and rail network by primarily by the demographic collapse that invariably accompanies Bulgaria in recent years.

Table 2

Indicators for density and degree of availability of road and rail network for Bulgaria for the period 2000-2015

Indicators	Years																			
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015				
Length of highways, km	324	3011	328	328	328	328	328	331	331	331	394	418	418	418	437	458	541	605	610	734
Length of first class roads, km	3011	3012	3012	2961	2961	2961	2961	2969	2969	2969	394	2975	2975	2975	2970	2970	2975	2975	2965	2954
Length of secondary roads, km	3832	3827	3827	4012	4012	4012	4012	4012	4012	4021	4021	4029	4028	4030	4030	4035	4035	4035	4042	4025
Length of third class roads, km	11897	11894	12113	11964	11872	11976	11976	11989	12011	12013	12014	12019	12054	12051	12063	12111	12140	12140	12140	12140
Density of highways, km / 1000 sq. km	2,919	2,955	2,955	2,955	2,982	2,982	3,550	3,766	3,766	3,766	3,937	4,126	4,874	5,450	5,495	6,613	6,613	6,613	6,613	6,613
Density of first class roads, km / 1000 sq. km	27,126	27,135	27,135	26,676	26,676	26,748	26,748	26,802	26,802	26,802	26,757	26,757	26,802	26,802	26,802	26,712	26,613	26,613	26,613	26,613
Density of secondary roads, km / 1000 sq. km	34,523	34,477	34,477	36,144	36,144	36,144	36,225	36,225	36,297	36,288	36,306	36,306	36,351	36,351	36,351	36,414	36,261	36,261	36,261	36,261
Density of third class roads, km / 1000 sq. km	107,180	107,153	109,126	107,784	106,955	107,892	108,009	108,207	108,225	108,234	108,279	108,595	108,568	108,676	109,108	109,369	109,369	109,369	109,369	109,369
Total length of roads, km	19064	19061	19280	19265	19176	19288	19373	19425	19435	19435	19456	19512	19602	19678	19728	19853	19853	19853	19853	19853
Total density of the road network, km / 1000 sq. km	171,748	171,721	173,694	173,559	172,757	173,766	174,532	175,000	175,090	175,090	175,279	175,784	176,595	177,279	177,730	178,856	178,856	178,856	178,856	178,856
Satisfaction degree with highway, km/ 10000 citizens	0,040	0,042	0,042	0,042	0,043	0,043	0,051	0,055	0,055	0,055	0,058	0,063	0,074	0,083	0,085	0,103	0,103	0,103	0,103	0,103
Satisfaction degree with first class roads, km / 10000 citizens	0,369	0,382	0,384	0,380	0,382	0,385	0,387	0,389	0,391	0,393	0,396	0,405	0,408	0,411	0,412	0,413	0,413	0,413	0,413	0,413
Satisfaction degree with secondary roads, km / 10000 citizens	0,470	0,485	0,488	0,514	0,517	0,520	0,524	0,526	0,530	0,533	0,537	0,550	0,554	0,557	0,561	0,563	0,563	0,563	0,563	0,563
Satisfaction degree with third-class roads, km / 10000 citizens	1,460	1,507	1,544	1,534	1,530	1,552	1,561	1,572	1,579	1,588	1,601	1,645	1,654	1,665	1,682	1,697	1,697	1,697	1,697	1,697
Total level of satisfaction with roads, km / 10000 citizens	2,339	2,416	2,457	2,469	2,471	2,499	2,523	2,542	2,555	2,570	2,592	2,663	2,691	2,716	2,723	2,740	2,740	2,740	2,740	2,740
Length of railways in km	4320	4320	4318	4316	4259	4154	4146	4143	4144	4150	4098	4072	4070	4032	4023	4019	4019	4019	4019	4019
Total level of satisfaction with railways, km / 10000 citizens	5,301	5,475	5,504	5,532	5,488	5,382	5,399	5,423	5,448	5,487	5,460	5,557	5,587	5,565	5,586	5,618	5,618	5,618	5,618	5,618

Density of railways, km / 1000 sq. km	38,919	38,919	98,901	38,883	38,369	37,423	37,351	37,224	37,333	37,387	36,919	36,685	36,667	36,324	36,243	36,207
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Source: calculated by author according to [2]

DISCUSSION AND CONCLUSION

The brief overview of the empirical information on road and rail network in the country allows us to make the following main conclusions about their condition in Bulgaria:

1. Under the indicators density and degree of contentment with the road network, Bulgaria is inferior to the countries included in this study. This fact is unfavorable in terms of the country's ambitions to position itself on the transport map of Europe as an important transport hub.

2. Under the indicators density and degree of contentment with the railroad network, Bulgaria is also inferior to the countries included in this study. In turn, that means that the transport potential, whose idea is to create conditions for diverting flows from road to rail, as is the idea of balance in the transport sector in Europe, is limited on a national level.

3. Last, but not least, it should be noted that the reported results will reduce the competitiveness of the national transport network, given its inability to provide the conditions for use of modern modal solutions, which increasingly will find applicability in the field of transport.

In conclusion, we can summarize that, based on official statistics we concluded that Bulgaria is inferior to the majority of European countries in terms of available infrastructure necessary for the operation of two major transport options such as road and rail transport. The question is whether the country will change its investment priorities and build enough roads and railways, which shall ensure its competitive position in the European transport market?

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